**The Taurus fiasco**
*Computer bug bites Stock Exchange*
Page 9

**French election**
*No holds barred on the economic battleground*
Page 13

**Germany's triple burden**
*Deutsche Bank's Hilmar Kopper makes his mark*
Page 12

**Tomorrow's Weekend FT**
*Holidays for the long-distance golfer*


# FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY MARCH 19 1993 — D8523A


## Canadian bank buys bulk of Royal Trustco

Royal Bank of Canada is to buy the bulk of the operations of Royal Trustco, Canada's second-biggest trust company, for C$1.65bn (US$1.3bn). The acquisition will boost Royal Bank's assets by about C$14bn, or 10 per cent, and give it access to a variety of fiduciary and investment management services. Royal Trustco suffered large losses on businesses it acquired during the 1980s in Europe and the US, as well as losses in its core Canadian mortgage market.

**Privatisation blow:** Poland's parliament rejected a bill to privatise a large part of state industry, dealing a big blow to prime minister Hanna Suchocka's shaky coalition government. Page 14

**Gloom at BASF:** German chemicals group BASF said its domestic subsidiary, BASF AG, registered a 17 per cent decline in sales in the first two months of 1993 compared with the same period last year. Orders had fallen to an all-time low. Page 15

**Profits fall at LVMH**

French luxury goods group LVMH confirmed a sharp fall in annual net profits from FFr3.7bn ($630m) in 1991 to FFr3bn because of problems at UK drinks group Guinness, in which it owns a 24 per cent stake. Chairman Bernard Arnault (left) was cautiously optimistic about this year's outlook for the group, which owns a string of prestigious brand names including Louis Vuitton luggage and Hennessy cognac. Page 15; Lex, Page 14

**Atlantic oil threat:** A tanker carrying 40,000 tonnes of crude oil to Canada was spilling its cargo in mid-Atlantic, 100 miles south-west of the Azores islands, through a fracture in its side.

**Hutchison Whampoa,** troubled Hong Kong conglomerate, reported a 5 per cent fall in profits before extraordinaries to HK$3.16bn (US$410m) for 1992 – a slightly better than expected result. Page 18

**Nigeria debt talks:** Nigerian officials, facing mounting pressure on the naira, are to meet Paris Club creditors next week to discuss trade and payments delays and arrears estimated at more than $4bn.( Page 14

**Rome arrests sought:** Rome magistrates issued warrants for the arrest of six people, including the owner of Rome football club, in connection with a fraud inquiry into the finance subsidiaries of Efim, state holding company placed in liquidation last July. Page 14 ; Argentina to probe bribes link, Page 2

**Gulf Canada Resources,** troubled Calgary-based energy company controlled by Olympia & York Developments, has suspended payment of preferred share dividends and announced asset sales to cut its C$1.6bn (US$1.27bn) debt and pave the way for an equity issue. Page 17

**Bank bucks German economic trend:** Bavarian-based Bayerische Vereinsbank reported partial 1992 operating profits up by 24.1 per cent to DM1.48bn ($889m), showing the German banking sector's resilience to the country's economic downturn. Page 17

**Skandia's losses deepen:** Swedish insurance group Skandia, reported a SKr2.45bn ($314m) operating loss in 1992 – more than four times its 1991 deficit – after heavy credit insurance losses and large claims for hurricane damage. Page 15

**General Dynamics payout:** US defence contractor General Dynamics announced a $618m special cash distribution to shareholders and a management reorganisation. Page 15

**China's trade warning:** Britain's economic ties with China would "inevitably be affected" if Hong Kong governor Chris Patten persisted with his democratic reforms for the colony, a Chinese minister warned. Page 14

**Bid to save pits:** The UK government persuaded at least three electricity companies to accept binding arbitration in an attempt to resolve contract differences holding up a package to save some of Britain's threatened coal mines. Page 7

**STOCK MARKET INDICES**

| | | |
|---|---|---|
| FT-SE 100: | 2879.7 | (–10.2) |
| Yield | 4.21 | |
| FT-SE Eurotrack 100 | 1148.56 | (+2.45) |
| FT-A All-Share | 1411.88 | (–0.29) |
| Nikkei | 18,727.90 | (+554.53) |
| New York lunchtime: | | |
| Dow Jones Ind Ave | 3452.94 | (+26.20) |
| S&P Composite | 450.88 | (+2.37) |

**US LUNCHTIME RATES**

| | |
|---|---|
| Federal Funds: | 3% |
| 3-mo Treas Bills: Yld | 3.013% |
| Long Bond | 103¾ |
| Yield | 6.828% |

**LONDON MONEY**

| | | |
|---|---|---|
| 3-mo Interbank | 6% | (Same) |
| Liffe long gilt future: | Jun 1063⁄32 | (Jun 106) |

**NORTH SEA OIL (Argus)**

| | | |
|---|---|---|
| Brent 15-day (May) | $18.82 | (18.77) |

**Gold**

| | | |
|---|---|---|
| New York Comex (Apr) | $331.2 | (329.7) |
| London | $330.25 | (329.05) |

**STERLING**

| | | |
|---|---|---|
| New York lunchtime: | | |
| $ | 1.4755 | |
| London: | | |
| $ | 1.476 | (1.451) |
| DM | 2.44 | (2.415) |
| FFr | 8.32 | (8.21) |
| SFr | 2.2425 | (2.2225) |
| Y | 172.5 | (170.0) |
| £ Index | 79.2 | (78.1) |

**DOLLAR**

| | | |
|---|---|---|
| New York lunchtime: | | |
| DM | 1.654 | |
| FFr | 5.64 | |
| SFr | 1.5225 | |
| Y | 116.95 | |
| London: | | |
| DM | 1.654 | (1.664) |
| FFr | 5.64 | (5.6575) |
| SFr | 1.5285 | (1.5315) |
| Y | 116.9 | (117.15) |
| $ Index | 66.3 | (66.6) |

Tokyo close Y 116.94

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Austria | Sch30 | Greece | Dr300 | Lux | LFr60 | Qatar | QR12.00 |
| Bahrain | Din1.250 | Hungary | Ft172 | Malta | Lm0.60 | S.Arabia | SR11 |
| Belgium | BFr60 | Iceland | IKr180 | Morocco | MDh13 | Singapore | S$4.10 |
| Bulgaria | Lw25.00 | India | Rs40 | Neth | Fl 3.75 | Slovak Rp | Kcs45 |
| Cyprus | C£1.00 | Indonesia | Rp3800 | Nigeria | Naira25 | Spain | Pta200 |
| Czech Rp | Kcs45 | Israel | Shk5.90 | Norway | NKr16.00 | Sweden | SKr15 |
| Denmark | DKr15 | Italy | L2700 | Oman | OR1.50 | Switz | SFr3.20 |
| Egypt | E£4.50 | Jordan | JD1.50 | Pakistan | Rs35 | Syria | S£50.00 |
| Finland | FM12 | Korea | Won 2500 | Philippines | Pes45 | Thailand | Bht50 |
| France | FFr8.50 | Kuwait | Fils.600 | Poland | Zl 22,000 | Tunisia | Din1.250 |
| Germany | DM3.30 | Lebanon | US$1.25 | Portugal | Es215 | Turkey | L7000 |
| | | | | | | UAE | Dh11.00 |

Lukewarm response in European markets as franc remains under pressure in ERM

# Bundesbank cuts its discount rate

**By Christopher Parkes in Frankfurt and James Blitz in London**

THE Bundesbank yesterday cut one of its key interest rates in a move that was welcomed by German industry and politicians as an appropriate step to help the economy out of recession.

However, the decision by the Bundesbank's policymaking council to cut its discount rate by ½ percentage point to 7.5 per cent, received a lukewarm response in financial markets across Europe.

The French franc came under strong selling pressure inside the European exchange rate mechanism last night, as investors felt that the cut in rates had failed to reduce the relative value of the D-Mark against the French currency. The Bundesbank action also failed to give European stockmarkets more than a modest lift.

Investors expressed disappointment that the Bundesbank did not cut its Lombard rate, which sets the effective ceiling for German rates, and remains at 9 per cent.

The Bundesbank move underlines perceptions that the central bank has embarked on a series of reductions in official rates, which could over the next few months bring down the cost of borrowing across Europe. However, rapid or large cuts are thought unlikely.

Mr Johann Gaddum, a member of the bank's directorate, said that money supply data released in the morning, and which showed the key M3 measure expanding at an annualised rate of 5.5 per cent over the past six months, had been the decisive factor behind the Bundesbank's move. "The bank has used and will use its room for manoeuvre on interest rate policy," he told a diplomats' meeting in Bonn.


| | |
|---|---|
| Deutsche Bank head interviewed | Page 12 |
| Editorial Comment | Page 13 |
| Living together, but no love lost | Page 13 |
| Lex | Page 14 |
| Currencies | Page 40 |


Inside the ERM, the French franc weakened against the D-Mark, falling below the level of FFr3.41 against the D-Mark for the first time since the start of this year.

The franc's fall to little more than two centimes above its ERM floor against the D-Mark raised concerns that the ERM may come under strain following the first round of the French parliamentary elections on Sunday.

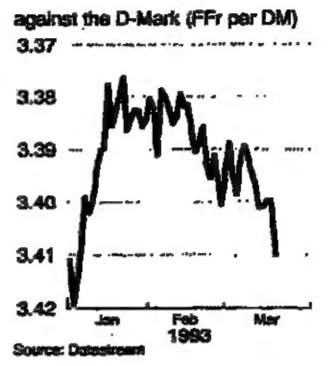
French money market interest rates rose yesterday, raising concerns that dealers were borrowing the French currency to speculate against it. The rate for borrowing one-month French francs rates rose from 11.3 per cent to 12 per cent.

However, Mr Günter Rexrodt, Germany's economics minister, said the move would encourage European neighbours' central banks to reduce their rates and provide their economies with similar incentives. Denmark, Austria, Belgium and the Netherlands all reduced their official lending rates in the wake of the Bundesbank's move.

In the French finance ministry, the Bundesbank's move was registered as "positive." Mr Pierre Bérégovoy, the French prime minister, said earlier this week that no changes in French interest rates could be expected until after the parliamentary elections, irrespective of what the Bundesbank did.

**French franc**

against the D-Mark (FFr per DM)




Source: Datastream

Yesterday's cut in Germany's official "floor" rate followed political agreement last weekend on the framework of a solidarity pact to help recovery in the east. This may have helped relieve some of the uncertainties about inflation and Germany's fiscal deficit troubling the Bundesbank's policymakers.

News that producer prices in February were just 0.5 per cent higher than a year earlier, compared with an 0.8 per cent rise in January, also indicated further lessening of inflationary pressure. The steady flow of alarming business results, including Volkswagen's 87 per cent profits collapse, added weight to industry's appeals for monetary easing.

"The change signals the Bundesbank's readiness to continue loosening monetary policy, and creates the leeway to do so through securities repurchase rates," said Mr Klaus Friedrich, chief economist at Dresdner Bank.

# Fall in UK jobless lifts pound

**By Emma Tucker in London**

STERLING rose sharply on the foreign exchanges yesterday, buoyed by the announcement of the first fall in UK unemployment for nearly three years.

The unexpected decline raised hopes that Britain's long-awaited economic recovery is taking root.

The fall in unemployment took the currency markets by surprise and the pound immediately rose 2 pfennigs against the D-Mark. Sterling later closed in London at DM2.44, up a net 2½ pfennigs on the day and 5¼ pfennigs on the week so far.

The pound also rose sharply against the US dollar, gaining nearly 2½ cents to close at $1.475.

Unemployment in Britain now stands at 2.97m, compared with 2.99m in January, while the unemployment rate has dropped from 10.6 per cent to 10.5 per cent.

The number of people out of work and claiming government benefits in Britain fell by a seasonally adjusted 22,000 in February. The drop was the biggest since November 1989 and kept the unemployment total below the politically sensitive 3m mark. The total before adjustment for seasonal variations dropped 19,451, but remained just over 3m.

The Department of Employment said there was no obvious explanation for the fall, which confounded analysts' expectations of a 35,000 month-on-month increase.

Neither the government nor independent economists were willing to read too much into one month's figures, but they added to evidence that interest rate cuts over the last few months have stirred economic activity.

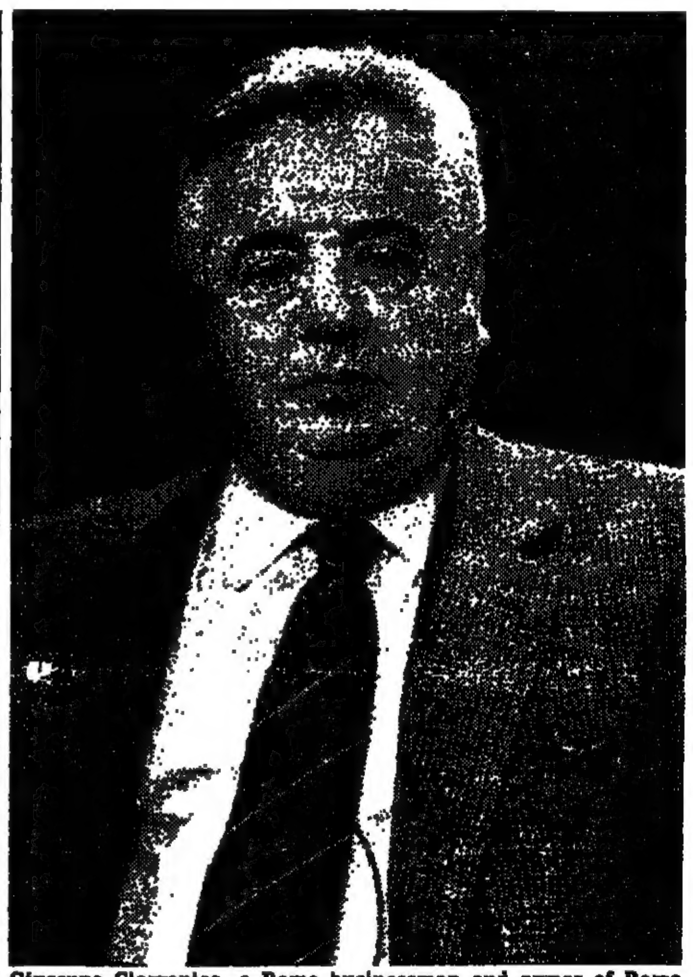
Mortgage lenders reported that the value of new commitments to mortgages rose 40 per cent last month, and earlier this week there were encouraging retail sales and manufacturing output figures.

Prospects for a UK recovery were given a further boost by the Bundesbank's decision to cut its discount rate by a ½ point, providing a more favourable environment for lower European interest rates.

February's drop in the jobless total reflected a reduced number of people becoming unemployed, rather than a higher number finding jobs or joining government schemes which take them off the register.

Trends still show a steady increase in the jobless total which is expected to carry on rising for the rest of this year.

Continued on Page 14
Background, Page 6



Giuseppe Ciarrapico, a Rome businessman and owner of Roma football club, was one of six people facing arrest warrants over a fraud inquiry involving a state holding company Report, Page 14

# West steps up pace on aid to Russia

**By Jurek Martin in Washington, John Lloyd in Moscow and Charles Leadbeater in Tokyo**

LEADERS of the industrialised countries have moved into a higher gear in mobilising plans for assistance to Russia.

In Washington yesterday, Mr Larry Summers, Treasury under-secretary-designate for international affairs, told Congress that rebuilding the Russian economy was a task comparable to the post-war Marshall Plan. He said the G7 nations would have "significant support" available to Russia "in the coming months", but he disclosed no details.

He argued that past estimates of the Russian economy were largely inaccurate because they had focused on the volume of output rather than marketable value. The focus now, he said, should be on facilitating the sale of marketable Russian goods at home and overseas.

President Bill Clinton, it was announced, would confer next week with Mr Andrei Kozyrev, the Russian foreign minister, before meeting President Boris Yeltsin in Vancouver on April 3-4. Mr Warren Christopher, the secretary of state, is also to give what has been billed as a "major" speech on the need for assistance in Chicago next Monday. It will be designed in part to meet resistance in Congress to any substantial increase in bilateral US aid.

**Jacques Delors, European Commission president, yesterday attacked the coming G7 summit as "a Barnum circus with 3,000 journalists". The G7 should be setting an example, but all it could offer was platitudes, he told a meeting in Washington.**
Report, Page 2

The administration itself is understood to have under review a series of measures designed to provide immediate relief to the average Russian and to demonstrate the extent of US support for Mr Yeltsin.

According to a senior officials quoted in yesterday's Los Angeles Times, options include emergency shipments of pharmaceutical supplies for Russian hospitals, more grain and meat shipments, new housing for the Russian military and proposals to assist the conversion to civilian purposes of military factories.

Meanwhile, the Japanese government is proposing a special meeting of G7 finance and foreign ministers in Tokyo on April 18 to consider a multilateral Russian aid package. Bowing to western pressure not to delay such a consideration until the economic summit in the Japanese capital in early July, Mr Hisashi Owada, the vice foreign minister, is in Washington conveying the latest Japanese thinking before flying on to Paris.

The April session would take place immediately after the US visit of Mr Kiichi Miyazawa, the prime minister. Japanese officials still favour a variety of short-term assistance measures, including food and construction aid, rather than a more ambitious package under G7 auspices, partly on the grounds that much of last year's $24bn package has yet to be disbursed.

In Moscow, a G7 official said yesterday the International Monetary Fund, still the main instrument for assisting Russia and for judging the progress of its economic reforms, would have to be "nudged" into responding more urgently to the Russian crisis – if necessary at the expense of its own guidelines.

# Japan's top brokers revise forecasts downward again

**By Robert Thomson in Tokyo**

JAPAN'S top 14 brokers yesterday sharply cut their profit projections for the year to the end of March, reflecting the fall in share prices and trading volume on the Tokyo Stock Exchange.

Daiwa Securities highlighted the brokers' miserable forecasts by predicting pre-tax losses of Y8bn ($66m), the first time it will have been in the red since 1964.

However, the four biggest houses, Nomura, Daiwa, Nikko and Yamaichi, said the rally in Tokyo prices over the past two weeks could mark a turning point for the industry and the market which has been falling for the past three years.

The depth of the brokerages' problems was underlined by Yamaichi saying it expected net losses for the year of Y48bn, in stark contrast to its previous forecast, made at the half-year stage, that it would break even. Last year, Yamaichi reported net losses of Y52.3bn.

Losses will be particularly severe among the 10 second-tier brokers, under pressure because of their dependence on commission income and their rapid expansion during the late 1980s. Kankaku Securities expects net losses of Y50.3bn, New Japan Securities Y39.5bn and Sanyo Securities Y30.2bn.

The brokerages have been assisted by the Japanese government's campaign to support stock prices until the close of the financial year. Each of the houses will be required to write off appraisal losses on stock portfolios, after having won a reprieve from the finance ministry for the close of the first half in September.

In another apparent attempt to bolster the Tokyo market, the ministry hinted yesterday that the amount of public funds available for investment in stocks could be sharply increased next fiscal year.

Even with the government intervention in the market, Nomura admitted that its expected net profits of Y2bn would come only after a Y18.48bn special profit on the planned sale on March 29 of a building to its subsidiary, Nomura Land and Building.

Details, Page 18



CONTENTS

# Kohl's ties with industry hit a low

By Quentin Peel in Bonn

THE long-strained relationship between Chancellor Helmut Kohl and the business community in Germany has been further damaged by an extraordinary attack by a leading Kohl aide on the chief spokesman for German industry.

Mr Friedrich Bohl, the minister in the Chancellor's office, who regularly speaks on behalf of Mr Kohl, issued an outspoken public rebuke of Mr Tyll Necker, president of the German Industry Federation (BDI), apparently for criticising the "solidarity pact" agreed at the weekend.

The official statement distributed by the government information office accused Mr Necker of "sweeping and indiscriminate accusations" against the political establishment.

Mr Bohl went on to suggest that the industry federation was itself responsible for increasing wage rates for years beyond the level justified by economic conditions, and in allowing a steady inflation of all the ancillary personnel costs in industry.

His outburst was apparently directed at a speech delivered by Mr Necker in Munich on Wednesday, in which he accused "the political establishment" of failing to adjust its promises to the downturn in the economy.

Mr Necker said he was "relieved" by the weekend agreement on how to finance the solidarity pact, but he also underlined his concern that it would depend too much on borrowing and tax rises, and too little on spending cuts in the west.

The pact is intended to operate on two levels: as an agreement between the central government, the opposition and the 16 federal states on financing subsidies for east Germany in the medium-term; and as a deal with employers and trade unions on increased investment and wage restraint.

The one element that is still missing is a deal on wages in the east: IG Metall, the giant engineering union, is threatening to hold a strike ballot in defence of its contract for a 26 per cent pay rise in April, and an increase of more than 30 per cent in 1994, to reach parity with western wages.

The bitterness of Mr Bohl's statement took officials at the BDI by surprise. They regarded Mr Necker's speech as normal criticism from the private sector.

# Wary Bundesbank tiptoes forward again

By Christopher Parkes in Frankfurt

ADVANCING slowly and carefully covering its rear, the Bundesbank almost lived up to market expectations with yesterday's cut in the discount rate to 7.5 per cent.

But not quite. A 0.5 point reduction in both rates had been predicted almost unanimously by Bundesbank watchers. By leaving the Lombard rate unchanged at 9 per cent, the bank further enhanced its reputation for unpredictability. More importantly, it opened up a little more room for manoeuvre in its management of money market rates.

Frankfurt economists pointed out that when rates are moving generally downwards, the discount rate, the official floor level, was a far more important indicator than the Lombard. Mr Ulrich Beckmann of Deutsche Bank Research said that at one percentage point, the gap between the two had been exceptionally restrictive. The "normal" gap was 1.75 points.

Mr Gerhard Grebe, chief economist at Bank Julius Baer, said leaving the official ceiling rate unchanged was partly intended to prevent a rapid appreciation of the US dollar against the D-Mark.

The day's decisions, announced without a showpiece press conference, suggested that the central bank, assisted by the government/opposition solidarity deal last weekend, low wage rises and flattening growth in money supply, feels while not all the political and economic variables are fully under control, they are less volatile.

If these conditions persisted, inflation continued to improve and the government spelt out clearly where it will make public spending cuts, economists said there were few obstacles in the way of a slow and cautious downward progression in the official rates.

Larger steps – Mr Wolfgang Roth, the Social Democrat opposition economics expert, called for full one point cuts instead of "tiptoe steps" – were widely ruled out on the risks of sharp exchange rate reactions and on the basis that guarding the stability of the D-Mark was the central bank's prime mandate.

Although in present circumstances the Lombard rate played "no role", Mr Martin Hüfner, chief economist at Bayerische Vereinsbank, said the central bank was offering a subtle warning. "It is making clear it wants to proceed with small steps, and telling markets: 'Be careful with your expectations and do not get carried away'," he said.

In contrast to the cautious appraisal of economists, government politicians were enthusiastic. Mr Theo Waigel, finance minister, congratulated himself on his contribution as one of the architects of last weekend's solidarity pact. The bank's decision would "give a positive impulse to economic growth in Germany," he said.

Mr Günter Rexrodt, economics minister, called the cut an important signal which would strengthen the domestic economy's capacity for growth, and at the same time allow European neighbours' central banks to follow suit and enjoy similar benefits.

In the wake of last weekend's political deal he said the responsibility for maintaining stability now lay with wage negotiators who had to ensure that future pay deals were related to productivity.

However, most economists regarded the dire state of German industry, underlined by the 87 per cent slump in carmaker Volkswagen's profits, revealed this week, and February's money supply figures, released yesterday while the bank's central council was meeting, as far more telling factors in the decision than the solidarity pact.

Provisional reckonings showed that according to the M3 measure, money supply contracted again last month, although at a much lower rate than the 2.4 per cent a year shrinkage in January. Even so, the 0.1 point fall reduced the annual rate of growth for the six months to March to 5.5 per cent – within the central bank's target range of 4.5 to 6.5 per cent.

Economists, sitting patiently before their screens, promptly reworked their forecasts, concluded that M3 was destined to stay on target, and spoke. Bank Julius Baer's Mr Grebe went on the record immediately: "They must do something." Less than two hours later, they did.

**Relieved French finance ministry officials yesterday welcomed the interest rate cut as "a new gesture in the right direction," though the move was not enough to prevent fresh selling of the French currency, writes William Dawkins in Paris.**

**The Banque de France left its intervention rate unchanged at 9.1 per cent. It is believed not to have intervened to try to restrain the franc from falling at one point to FFr3.4080 against the D-Mark, its lowest for 10 weeks, though still well above the ERM floor of FFr3.4305 per D-Mark. By afternoon, the French currency had recovered to FFr3.4065.**

**Economists said it was unlikely the French central bank would follow suit with a rate cut, given the market's lingering uncertainties over the monetary policy of the conservative government, expected to win the general election this month.**

**Dealers attributed the franc's initial weakness to the fact that the foreign exchange markets had already discounted an easing in German rates and were disappointed that it was only a half percentage point cut.**

**Nevertheless, the Bundesbank move gives French monetary authorities a little extra breathing space in the final days before an election which some senior politicians, such as former prime minister Mr Raymond Barre, expect to be accompanied by a heavy speculative attack on the franc.**

# UN attacks Serbs on aid

By Robert Mauthner, Diplomatic Editor

The United Nations High Commissioner for Refugees, Mrs Sadako Ogata, yesterday vehemently condemned the Bosnian Serbs for again blocking relief convoys to the besieged Moslem town of Srebrenica and called on world leaders to send in aid "by all possible means".

Mrs Ogata's statement, made in Geneva, followed the abandonment of the latest attempt by a UN convoy to reach the stricken town, where thousands of people are facing starvation and require urgent medical treatment, when its route was blocked by Serb forces.

UN officials believe that the Serb authorities were holding up the convoy to allow the Bosnian Serb army, which was only 5km from Srebrenica and rapidly closing in on the town, to pursue its offensive. General Lars-Erik Wahlgren, the overall commander of UN forces in the former Yugoslavia, went to the Bosnian Serb army headquarters at Lukavica, outside Sarajevo, to try to persuade the Serbs to stop the offensive.

Referring to "the unacceptable attitude" of the Bosnian Serb military, Mrs Ogata said they were preventing access of humanitarian aid to the people of eastern Bosnia "despite all their verbal and written commitments". The statement said that at least four other convoys were attempting yesterday to reach other Bosnian enclaves, but were reported to have been halted either by fighting or at Serb checkpoints.

UNHCR officials reported up to 30 deaths a day in Srebrenica and said that starving inhabitants and refugees from neighbouring townships were fighting over food supplies dropped by US aircraft. "The drop zone is crowded with starving people. Gun and knife fights are all too common," one official said.

*Michael Littlejohns adds:* A new round of Balkans peace talks finally was under way in New York yesterday as Mr Cyrus Vance and Lord Owen, the UN and EC mediators, met all of the main parties, including Bosnian president, Mr Alija Izetbegovic.

However, these were bilateral negotiations. There was still no indication if or when there would be a plenary session involving Mr Izetbegovic, Mr Radovan Karadzic, the Bosnian Serb leader, Mr Mate Boban, the Bosnian Croat leader, and Mr Vladislav Jovanovic, Belgrade's foreign minister. Mr Izetbegovic's said his meeting with Mr Vance and Lord Owen was very short because of the "bad news" of continued fighting in Bosnia. But he added: "That doesn't mean we interrupt the negotiations."

## LE PEN OUT OF TUNE AS CAMPAIGN FAILS TO MAKE GROUND

Racist voice: the National Front leader Jean-Marie Le Pen addressing supporters at his final election rally in Paris this week

# Voters desert the French far right

By Alice Rawsthorn in Paris

ASSEMBLÉE NATIONALE
**Elections '93**

THE lights dimmed. Strains of soft choral music filled the room. The audience leapt to its feet in rapturous cheers. "Le Pen Vite, Le Pen Vite," chanted the crowd ecstatically, as a burly figure swept on to the spotlit stage, pausing only before the television crews.

Mr Jean-Marie Le Pen had arrived on Wednesday evening at the Pierre de Coubertin sports stadium in Paris for his last rally of the French parliamentary election campaign. The leader of France's extreme right-wing National Front strolled around the stage with the wide smile and conversational manner of a television chat show host rather than a politician. The cheers and chants continued all evening. There were boos whenever Mr Le Pen, his voice hoarse after weeks of speeches, spat out words such as "socialist" and applause for every mention of his election slogan "Clean Hands and Head Held High".

But there were empty seats in the stadium and the rally, like the rest of the campaign, was not quite as triumphant for the Front as Mr Le Pen would have wished.

Until recently the party, with its anti-immigration policies and its denunciations of the established parties, was one of the fastest-growing forces in French politics. It gained ground in the opinion polls from its foundation in 1972 until last year when it won 13.9 per cent of the votes in the regional elections.

The Front has faltered in the current campaign with the final opinion polls suggesting it will win 10.5 per cent of the votes. The main reason for the decline in the polls is the loss of supporters to the Gaullist Republican Rally (RPR), one of the two centre-right parties. This is due to the influence of the outspoken Mr Charles Pasqua, interior minister in the last conservative government and a leader of the No faction in last autumn's Maastricht referendum. Mr Pasqua's patriotic views and his trenchant criticism of France's economic ties to Germany have struck a chord with the Front's less extreme supporters.

The audience at Wednesday's rally was a typical mixture of *petit bourgeois* Le Pen supporters and skinhead thugs. However, the RPR's success at winning over the *petit bourgeois* element poses a serious threat to Mr Le Pen's aim of mainstream acceptance.

The recent outbreak of skinhead riots in France and violence involving Front militants are worrying signs that he may be finding it more difficult to quell the thuggish faction in his party. The Paris supporters were in no doubt as to who to blame for the party's electoral difficulties. They roared with derision at the names of prominent socialists and conservatives such as Mr Michel Rocard and Mr Jacques Chirac.

But the biggest boos of all were reserved for Mr Pasqua.

No love lost, page 13

**France's Socialist party has asked its election candidates to stand aside in favour of ecologists in individual constituencies if greens win more votes than them in the first round of the general election on Sunday, writes William Dawkins in Paris. The move is in line with former Socialist prime minister Michel Rocard's recent appeal for a "big bang" in French politics, leading to a grouping of centre-left, human rights and ecology movements. Candidates winning more than half their constituencies' votes will be elected automatically on Sunday. But the rest go through to a simple majority run-off a week later, provided they win more than 12.5 per cent of the popular vote in the first round.**

# Delors slates G7 summit 'circus'

By George Graham in Washington

MR Jacques Delors, president of the European Commission, yesterday described the summit meetings of the Group of Seven leading industrial nations as "a Barnum circus with 3,000 journalists," and called for a radical reorganisation of international economic organisations.

"The G7 should be setting an example but all it can offer is platitudes," Mr Delors told a meeting of the International Management and Development Institute, a gathering of corporate executives and politicians from Europe and North America, in Washington yesterday.

"The duty of the most prosperous countries is to co-operate and deliver a concrete signal to the rest of the world," he added, complaining that the G7 had spent the last four years telling the world it had the goodwill to complete the Uruguay round of negotiations on new world trading rules, but had failed to fulfil this.

Arguing for closer linkage between international economic institutions such as the General Agreement on Tariffs and Trade, the International Monetary Fund and the World Bank under the auspices of the United Nations, Mr Delors said the next two years offered an opportunity to create a new framework "in the same spirit as after the war, because we face a new world".

Mr Delors was due to visit the White House later for a 20 minute opportunity to get acquainted with President Bill Clinton. European officials denied that any longer negotiating session had ever been planned, but a full summit meeting in Washington between the US and the EC was expected to be announced for May 7.

White House officials said they expected some discussion of trade issues, but Mr Delors was also expected to bring up broader questions, including G7 co-ordination and aid for the republics of the former Soviet Union.

Ms Dee Dee Myers, the White House press secretary, denied that any snub was intended by the shortness of the meeting.

"Commissioner Delors asked for a courtesy call. We granted that," she said yesterday.

Some senior administration officials have complained privately, however, of a "snow shower" of visitors from Europe wanting to see the new president.

# Yeltsin will play by the rules: but what are they?

**John Lloyd** on the constitutional jigsaw that limits president's options in his struggle with congress

RUSSIAN President Boris Yeltsin and his supporters among the Group of Seven industrial countries have indicated that what he does next in his bitter power struggle with the conservative Russian Congress should be within the law.

Though leaving some ambiguity on how far they would support Mr Yeltsin if he adopted authoritarian powers, most G7 governments and Mr Yeltsin himself have made clear that the game should be played, as far as possible, by the rules.

Those rules are the existing constitution of the Russian Federation, a Soviet-era document first adopted in April 1978 and amended on nine occasions before Mr Yeltsin's battle with congress began.

What Congress did last week was substantially weaken the office of the president. It did so by cancelling the agreement it made with Mr Yeltsin last December under which a referendum was agreed for April 11 and amendments to three clauses of the constitution, to which the president had objected, were frozen.

This has left the president at the pleasure of congress: the amendments now added to clauses 109 and 121 allow parliament to suspend any presidential decree it wishes pending a revision by the constitutional court, and to sack the president immediately if he commits an act it deems unconstitutional.

Though the decisions of congress mark a qualitative shift in the balance of power between president and parliament, the problem already existed. Parliament – the congress and the smaller, permanent supreme soviet – is governed by a constitution which gives it total power because in the era in which it was written it was well understood that no representative body had any real power over the Communist party.

Thus the excision of the party from national life has left a Soviet-era parliament basing its argument for democratic authority on a Soviet era constitution.

How does Mr Yeltsin break out of this without violating that same constitution? In particular, how does he take his arguments to the people by offering them a referendum, or plebiscite, on who rules the country and, as he wishes, on the private ownership of land? The answer is he probably cannot, but his advisers will try.

Yeltsin: awaiting the storm

They will base their arguments on both the constitution and the law on referendums. Both give the congress and supreme soviet pride of place in approving a referendum: the president's men are forced to make four, apparently rather narrow points.

First, the constitution gives – literally – "all power ... to the multinational people". Since a referendum asks the people's opinion, it cannot be cancelled.

Second, though the constitution and the law on referendums gives the deputies the right to call a referendum, it nowhere gives them the right to cancel it: thus they cannot abridge the December agreement.

Third, a referendum can be demanded by the signatures of 1m people (for which a campaign has started), and the law on referendums and the constitution state that the parliament must then agree to holding it (though there are many mechanisms under which it could question the method of their collection).

And, last, article 5 of the constitution allows the "most important issues ... to be put to popular discussion" as a preliminary to a referendum. A plebiscite, it is argued, counts as part of a "popular discussion".

The president and his opponents may wish to take the issues to the constitutional court – though that is now a compromised body after its head, Mr Valery Zorkin, said in January that he was against the referendum provided for in the agreement between parliament and the president, the signing of which agreement he presided over and explicitly guaranteed.

Mr Sergei Shakhrai, the deputy prime minister who made his mark as Mr Yeltsin's legal adviser, sought to talk down the air of crisis when he told the Russkii Vesti newspaper that "it should be obvious to everyone that no extraordinary measures can be taken by anyone – not the president, nor the congress, nor anyone else".

It seems that, in the tradition of Russian politics, there will again be a lull – though perhaps only a short one – before the next storm.

# Prague to seize shares in assets row

By Patrick Blum in Prague

THE Czech government is preparing to seize shares held in privatised Czech companies by Slovak investors following a bitter dispute between Prague and Bratislava over the allocation of assets from the former Czechoslovakia.

Mr Vaclav Klaus, the Czech prime minister, said the transfer of shares to Slovaks from last year's voucher privatisation will be withheld as a guarantee against Czech claims for compensation from Slovakia.

"The shares of Slovak shareholders are being held by the government as security before signing agreements on property and on balancing the assets and liabilities of the (former) Czechoslovak State Bank," he said. Shares with a nominal value of around \$10bn (£7bn) were to be transferred to investors starting on March 29.

The move brought an angry reaction. Mr Julius Toth, the Slovak finance minister, doubted the move was legal. The prime minister, Mr Vladimir Meciar, said it was "discrimination" against Slovak citizens.

Slovak investors are estimated to have bought shares worth about Czk24bn (\$830m) in Czech companies, roughly equal to what the Czechs claim they are owed by Slovakia. Until now, Bratislava has offered to pay CzK1bn in compensation. Czech citizens invested CzK7.5bn in Slovak companies. Mr Roman Ceska, the Czech deputy minister of privatisation, said Slovak investors will be compensated based on the cost of participation in the voucher privatisation. "Compensation will be based on the cost of participation (in the voucher privatisation), that's CzK1,035 (per investor), but not on the nominal value of shares," he said.

The announcement dismayed Czech investors in voucher shares. Delays in transferring shares to Czech owners are inevitable, as it will be necessary to sift through all transactions to identify Slovak investors.

"It will create big problems in clearing and registering the shares," said one investment fund analyst.

# Amato overruled on public works

By Robert Graham in Rome

THE Italian parliament has rejected the government's efforts to find a solution to the problem of public works contracts blocked because of companies' alleged involvement in corruption scandals.

First the Senate and then the Chamber of Deputies yesterday refused to accept a decree intended to restart work on projects, especially road schemes, frozen because the companies involved are under investigation for having paid bribes to political parties to secure the work.

The break in the ranks of the four-party coalition majority over the corruption issue underscores the loosening grip of party discipline and the contrary mood of parliament towards the future of the Amato government.

The failure to break the impasse also has severe economic repercussions. Mr Francesco Merloni, the public works minister, warned yesterday that 40 projects in 11 regions could be closed. For Anas, the roads authority, he estimated that 30,000 jobs could be at risk.

The main point of controversy in the decree were measures to get round existing tight rules removing companies from the list of those authorised to carry out public works. This was strongly opposed by critics of the decree who regarded it as letting the companies off too lightly.

But parliament, having made itself highly unpopular with the construction industry by this move, courted it with another.

Yesterday, approval was granted in principle for the L36,400bn (\$23.6bn) project to introduce a high speed train network to connect Milan through Bologna, Florence and Rome with Naples on a north-south axis, and Venice through Milan with Turin on an east-west axis.

The high-speed network is to be funded 40 per cent by the state and 60 per cent by private investors. Different consortiums will construct and operate different sections of track. The approval is only the beginning of a long bureaucratic path before work starts and not the least of the problems is that many of the construction companies intending to be involved in the project are caught up in corruption scandals. In addition the project itself, involving such large sums of money, is likely to be subjected to special scrutiny.

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Struggle for authority seen in Pyongyang

# N Korea war call sparked by power play

By John Burton in Seoul and David White in London

NORTH KOREA'S declaration of a "semi-war" status is part of efforts to boost the authority of Mr Kim Jong-il as the country's next leader, Mr Han Sung-joo, South Korea's foreign minister, said yesterday.

Mr Han, in a meeting with foreign journalists, also described North Korea's rejection of the nuclear non-proliferation treaty as a "quasi-crisis" and predicted that the problem will eventually be resolved.

He said there were no plans to ask US troops in the Team Spirit war games to remain in South Korea after the exercise ended yesterday because North Korea appeared not be seeking a military conflict.

Mr Han suggested Mr Kim Jong-il had decided to place North Korea on a "semi-war" footing last week because doubts had been raised about his authority after the Team Spirit exercise was resumed this year.

Team Spirit, the annual US-South Korean military manoeuvres, were suspended last year as a goodwill gesture to Pyongyang following the signing of a non-nuclear agreement between the two Koreas.

Mr Kim told North Koreans that he was responsible for the suspension of Team Spirit, which Pyongyang claims represents a security threat.

But the military exercise was resumed this year after North Korea refused to allow challenge inspections of suspected nuclear facilities by South Korea.

Mr Kim Jong-il is the son of President Kim Il-sung and his designated successor. But it is thought he might face opposition once his father dies.

The International Atomic Energy Agency yesterday gave North Korea an extended deadline of March 31 to agree to inspections at two sites near its Yongbyon nuclear complex 60 miles north of the capital Pyongyang.

A special meeting of the agency's 35-member board of governors in Vienna insisted that the nuclear safeguards agreement between the IAEA and North Korea was still in force despite North Korea's announcement last week that it was withdrawing from the nuclear Non-Proliferation Treaty (NPT).

Under the treaty terms, a country wishing to withdraw must give three months' notice.

Since ratifying the NPT last year, North Korea has received six inspection visits from the IAEA, which is responsible for monitoring compliance with the treaty.

The IAEA board told North Korea, which was represented at yesterday's meeting, that it was "urgent and essential" for it to allow the agency to carry out the additional inspections.

Experts believe the sites may reveal the extent of North Korea's programme for separating plutonium, which it could use for nuclear weapons.

On February 25 the IAEA board gave North Korea a month to respond to its request.

# UK may lose valuable Chinese markets

By David Dodwell, World Trade Editor

"SO FAR, the row over Hong Kong is nothing much more than a nuisance," said Mr Paul Hudson, business development adviser for the Essex-based polymer chemicals group Yule Catto, from his hotel room in Guangzhou yesterday.

"But it would be a shame if it were to decline into a battle, because the British are thin on the ground in China, and the few of us putting in investment need the best of political relations, not the worst," said Mr Hudson, who has spent the past two weeks travelling China seeking joint venture partners for a manufacturing plant in the country.

Mr Li Lanqing, China's minister for foreign economic relations and trade, warned the democracy plans of Hong Kong Governor Chris Patten "will inevitably affect economic relations and trade relations between China and Britain".

If the threat were to become a reality, it could hardly come at a worse time. British economic planners have targeted exports as central to the non-inflationary growth strategy intended to lift the economy out of recession.

The government's aim is to boost Britain's share of world trade from 5.3 per cent today to 6.3 per cent by the year 2000 – adding £10bn to exports at current prices, and eliminating the visible trade deficit.

Fast-growing markets such as China are at the heart of this strategy. Indeed, Mr Richard Needham, UK minister of trade, has visited the country three times in the past year. Targeted sectors include transport, telecommunications, power generation, agriculture and food processing.

The Chinese action would affect future opportunities far more than present business, since Britain has lagged behind European competitors in China over the past decade.

Britain's exports to China have been stagnant over the past seven years (see chart). According to the department of trade, UK exporters "have performed less well, both in value and in share of the market, when compared to exports by our European competitors".

France's exports rose $742m in 1986 to $1.59bn in 1991, while exports from Italy rose from $1.14bn to $1.47bn. The US has boosted exports over the same period from $4.7bn to $8.0bn.

But it would be premature to predict serious dangers for UK exporters. France and the US attracted the wrath of the Chinese government last year because of military sales to Taiwan. Both were warned that trade relations would suffer. The Chinese government forced the closure of France's consulate in Guangzhou, and banned French companies from bidding for a $1bn subway contract in the city.

There are few clear subsequent signs that exporters in these countries have suffered, and it is questionable whether China can afford to discriminate on anything but a token basis against so many potential sources of foreign technology and investment.

Perhaps most at risk if relations deteriorate would be high-profile contracts. But dangers are not confined to Britain's corporate giants. In Birmingham, Mr Robin Hornby at Curdworth International Machine Tools, sells more than half of its re-manufactured machine tools to China, after entering the market in 1988.

He sees rapid growth in demand as pressure grows to upgrade the technology in Chinese factories: "Our output is growing, we are taking on new staff, and are bucking the recession. It would be terrible if, after the time and money we have spent developing the Chinese market, we were thrown out through no fault of our own. The government would have a lot to answer for."

Engineering boost, Page 6

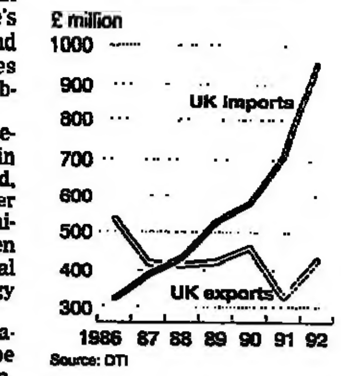
The Oriental Daily, Hong Kong's biggest selling newspaper, Tin Tin Daily, the colony's No 3 daily, and the Economic Times, one of the two business papers, said yesterday they believed China's explanation of the present Anglo-Chinese row and not that of Mr Chris Patten, the governor, Simon Holberton reports from Hong Kong.

Between them the three newspapers sell about 700,000 copies a day.

The Economic Times said it was "convinced" that the explanation of recent events given by Mr Lu Ping, China's top official on Hong Kong, was correct.

Most newspaper commentaries since last Friday have refused to support the governor in what he describes as his "principled" stand that talks between Britain and China could not proceed if Hong Kong officials were not full members of the UK negotiating team.

Sino-British trade




Source: DTI

SHAPE OF THINGS TO COME? A two-seater pedal car gets strange looks yesterday from Beijing cyclists, unused to such vehicles

# Two arrested for Bombay bombing

BOMBAY police said two men were arrested yesterday for planting bombs in a wave of attacks which killed at least 250 people and injured more than 1,200 in Bombay last week, writes Shiraz Sidhva in New Delhi.

Police chief Amarjeet Singh Samra told reporters that one of the men had driven a vehicle packed with plastic explosives to a market place in central Bombay. The other had confessed to planting a bomb in the city's crowded jewellery market.

"We now know a good extent of what happened," Mr Samra said.

He said a plot to terrorise India's commercial capital was planned in mid-February, and explosives were smuggled into the country about the first week of March.

Six suspects have been arrested so far have all been linked to the Memon brothers, smugglers who have since escaped to Dubai.

The police allege that the Memons have been involved in the narcotics trade, gun-running, silver smuggling and foreign exchange rackets, probably working for a more powerful smuggler based outside India.

They did not disclose details, but said that the intention of the bombings was to "disturb the peace in Bombay and take advantage of the turmoil to further their illegal business which had been shattered by the government's new economic policies."

Meanwhile, the death toll in the Bowbazar bomb blast in Central Calcutta in the early hours of Thursday, rose to 80, with workers extricating more bodies from the rubble, and 20 others succumbing to injuries in hospital. Police have found no links to connect the Bombay and Calcutta blasts.

# A critical naira adds to Lagos transition woes

Exchange rate strategy is called into question, writes **Paul Adams**

IF THE results of Nigeria's weekly foreign exchange auctions were expressed as medical bulletins, the condition of the naira would be described as critical and consultants summoned to the bedside.

Exchange rate management is the acid test of the credibility – and competence – of the Transitional Council appointed at the end of last year by President Ibrahim Babangida to govern the country until an elected president takes over on August 28.

After the 40 per cent devaluation of the naira a year ago, Nigeria's central bank maintained a stable official exchange rate, pumping an average of $120m into the market weekly at an average rate of N19 to the dollar.

By December there were signs that this strategy was in trouble. Not only had the country's gross foreign reserves fallen from $3.7bn in August 1992, to little more than $1bn, reflecting the debt buy-back operation with the London Club of commercial banks as well as the cost of supporting the naira, but the gap between the official and bureau-de-change rates had widened to 20 per cent from 5 per cent in mid-year.

Only one auction was held during December and by the time sales resumed on January 12, the rate had slipped to N20.5 to the dollar while demand had increased to more than $200m a week. After two January sales, the central bank, blaming the delayed presentation of the budget, cancelled weekly auctions until mid-February while also delaying the delivery of dollars to buyers at the two January sales for nearly three weeks, ostensibly to allow time for it to scrutinise import documentation submitted by the banks.

Then astonishingly, given mounting demand pressures, the central bank opted for a Dutch auction system at the February 18 sale. It supplied $80m in the face of demands for $337m, with the result that only 17 of the 80 participating banks were successful, and the auction rate fell from N20.55 in January to N24.99 to the dollar, while in the parallel market the "free rate" declined to N27.60. A week later the central bank again cancelled the auction, describing bank bids of between N31 and N33 as "outrageous".

At last week's and yesterday's auctions the rate was pegged at N24.99, but with demand of more than $720m and the central bank selling just $150m, the banks received only 21 per cent of their requirements.

Chief Ernest Shonekan, leader of the Transitional Council, is being told – in the very bluntest terms – by his many supporters in the business community that this is not what they expected from a "businessman's government". In the words of one, the Abuja economic summit "dream" has, within a few weeks, become a nightmare.

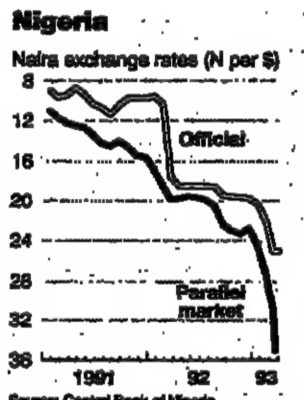
With virtually no room for manoeuvre, the TC will find it difficult to satisfy its supporters. There is simply no quick fix solution to the overhang of liquidity from last year's 56 per cent increase in the money supply, while any attempt to peg the exchange rate is destined to fail as the premium widens in the parallel market, where the rate is now N35 to the dollar – a 36 per cent gap against the official rate.

Some bankers believe that a further tranche of stabilisation securities that takes another N7bn or N8bn out of the market would stabilise the rate around N30 to the dollar.

But the combination of escalating inflation – unofficially put at 60 per cent and rising – higher interest rates, the already-programmed interruption to imports and the planned phasing out of the petroleum subsidy, will have a devastating impact on the economy and potentially on the political transition due to culminate in presidential elections in June.

As the soon to retire President Bagangida told the Abuja economic summit last month: "It is a rare feat for a country to make a successful transition to democracy with a declining economy".

Nigeria




Source: Central Bank of Nigeria

# Japanese household spending falters

By Charles Leadbeater in Tokyo

GROWTH IN Japanese household spending slowed sharply last year, rising by just 0.4 per cent from the year before, according to a survey of almost 3,000 households published by the government's management and co-ordination agency.

The survey found that spending when the head of the house is employed rose by 0.5 per cent compared with 3.3 per cent in 1988 and 0.9 per cent in 1991.

Spending by other households, the self-employed, unemployed or pensioners, did not rise last year from 1991.

The survey underlines the stagnation of Japanese consumer markets. Most of the increase in spending came from higher expenditure on utilities, such as gas and water, transport charges and education. Spending on food, clothing, furniture and domestic appliances fell.

Consumer spending is likely to remain depressed for some time as the Japanese labour market deteriorates.

Large manufacturing companies are announcing sweeping measures to cut costs by reducing staff over the next three years. The uncertainty this has created is encouraging more cautionary spending.

The 1993 wage round, expected to come to a head in the next two weeks, is likely to deliver rises of less than 3 per cent.

However, there are signs that some areas of industry may have reduced inventories of unsold products to the extent that they are starting a moderate increase in production.

Steel production in February rose by 0.6 per cent from the year before, while the Japan Automobile Manufacturers' Association forecasts that vehicle sales this year will rise by 1.6 per cent to 6.91m units, up from the 6.8m units sold last year.

# Foreign company jobs lose allure

**Robert Thomson** on how a job-for-life tradition is being breached

WHEN Northwest Airlines, the US carrier, offered prospective recruits a one-year employment contract, with a promise of more if business conditions improve, there was apparent confirmation this week of Japanese perceptions that working life at a foreign company can be brief and unpredictable.

Northwest's plan, intended to reduce personnel expenses, follows the cancellation by Eastman Kodak (Japan) of an agreement to hire eight trainee engineers, and the introduction of early retirement schemes at NCR and IBM, the US technology companies, all of which received unflattering coverage in the Japanese media.

The prominence of the reports has bruised the image of foreign companies, which have struggled to attract high quality Japanese graduates.

During the US-Japan Structural Impediments Initiative (SII) talks, intended to remove cultural and other "structural" barriers to trade, US negotiators complained that international companies are disadvantaged in graduate hiring, which is often influenced by old-boy networks and the corporate preferences of individual professors.

Graduates wanting to join foreign companies also face pressure from their parents, who often argue they should play safe by joining a famous name such as Toyota or Matsushita in a country in which employees introduce themselves first by company name and then by family name – as in "I am Toyota's Mr Sato".

Mr Mark Bedingham, chairman of the European Business Council In Japan, said students considering a career with a foreign company tend to have three worries: lifetime employment; whether the company is big enough to offer a range of career experiences; and whether certain positions will always be reserved for foreigners.

Having dubbed the trend the "foreign company disease", Japanese business magazines have linked personnel policies to news of huge lay-offs at home by companies such as General Motors and Volkswagen. The presumption is that foreign companies under pressure in their home markets will increasingly need to shed staff in Japan.

The Eastman Kodak case has received particularly heavy coverage, even though about 90 Japanese companies are reported to have breached *naitei* – the agreements to hire students reached before their graduation. Public criticism of the breaches prompted the Labour Ministry and the Nikeiren, the employers' federation, to urge companies to honour the often informal contracts.

Eastman Kodak said on Wednesday that the eight students had each been paid Y2.5m (£14,600) as compensation and the company has attempted to find alternative employers.

Some of the Japanese companies which breached the agreements have yet to be as forthcoming, and one reportedly did no more than despatch a vaguely worded letter to students suggesting that their intake was "postponed indefinitely".

"We must accept some criticism. We feel sorry for the eight students, and we have honestly tried to find them new employment. Two have decided to continue their studies, two have new agreements, and another two are negotiating with companies introduced by us," Eastman Kodak said.

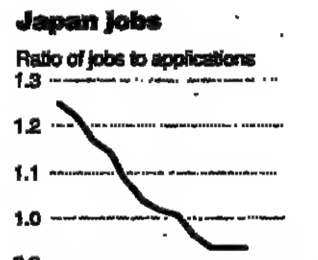
Labour Ministry officials say they are aware of 324 students affected by broken agreements, but the actual number is likely to be far higher.

Cancelling agreements is in sharp contrast to the unseemly rush to hire graduates in the late 1980s, when the most pressing corporate concern was a labour shortage.

The attention on personnel policies could also lessen opportunities for takeovers by US and European companies, whose acquisitions in Japan more than doubled last year. Mr Thomas Lynch, a partner at KPMG Peat Marwick, said Japanese employees tend to be nervous about their future on hearing of a foreign acquisition.

"Foreign companies should address the issue head on. We try to get our clients to emphasise what they have to offer on employment policies, and the reaction of the Japanese employees is often 'Oh, that's no so bad'," Mr Lynch said.

Japan jobs




Source: Management and Co-ordination Agency; Ministry of Labour

# Thai stock market speculators charged

By Victor Mallet in Bangkok

A WEALTHY Thai stock market player and 11 of his relatives and alleged associates were charged with share manipulation in a Bangkok court yesterday in the first such case initiated by the newly created Securities and Exchange Commission.

Mr Song Watcharasriroj, better known as Sia (tycoon) Song, and the others pleaded not guilty. They were charged with creating the false impression that there was a high volume of genuine trading in the stock of Bangkok Bank of Commerce; of failing to report taking a 5 per cent stake in the bank; and of failing to make an offer for the company when their stake exceeded 25 per cent.

The SEC and other regulatory authorities, such as the central bank, have sought to exert more control over Thailand's growing but notoriously speculative stock market.

Speculators, notably rich housewives, crowd into public dealing rooms of securities companies each day and treat them as betting shops. Ignoring fundamental profitability or dividend payments, Thai punters typically follow big players such as Mr Song in piling into and out of a few chosen shares. Prices soar or plunge as a result, prompting one stockbroker to refer to such shares as "bungee-jumpers."

Although the move against Mr Song has helped cool the market's speculative fever – the SET index fell 2.82 points yesterday to close at 903.44 – the court could take years to conclude the case.

## NEWS IN BRIEF

# Australian economic growth at 2.5%

THE Australian economy grew by 2.5 per cent in the 12 months to the end of December, bearing out campaign claims by the re-elected Labor government that a steady recovery is under way, writes Kevin Brown in Sydney.

The independent statistical service said its average measure of gross domestic product (GDP) grew by 0.7 per cent in the December quarter. It also revised GDP growth in the September quarter to 0.8 per cent from 0.5 per cent.

The figures mark Australia's fifth successive quarter of growth since the end of the 1990-91 recession. However, the annualised growth rate was only slightly higher than the 2.4 per cent recorded in the 12 months to September.

Economists said growth remains too slow to make much impact on the unemployment rate.

The Reserve Bank is expected to cut interest rates soon in an attempt to stimulate faster growth.

## Zaire political crisis deepens

Zaire had two rival prime ministers yesterday after President Mobutu Sese Seko carried out his threat to dump pro-opposition premier Etienne Tshisekedi, Reuter reports from Kinshasa.

A "political conclave," convened by Mr Mobutu but boycotted by the Sacred Union opposition alliance, named Mr Faustin Birindwa as prime minister on Wednesday night.

The appointment was a direct challenge to Mr Tshisekedi, who was sacked by Mr Mobutu last December but refused to accept the president's authority.

His stand was backed by a majority of Zaire's interim parliament, the High Council of the Republic (HCR), and by the governments of the US, Belgium and France. The three countries have virtually ordered Mr Mobutu to hand real power to Mr Tshisekedi and take a low profile until free elections.

## Reuter man charged in Algeria

A Reuter correspondent in Algeria, John Baggaley, was charged yesterday with spreading false information following an incorrect report about a political assassination, Reuter reports from Algiers. Mr Baggaley, a 54-year-old Briton based in Algiers since May 1991, was detained by gendarmes for nearly 24 hours after being summoned to the Communications Ministry on Wednesday to explain the report.

Reuters had issued a story quoting the gendarmerie as saying the sports minister had been killed in Algiers in a continuing wave of violence blamed on Moslem fundamentalists.

## Inquiry into taxi wars

Anarchy, greed and the lust for power were behind a bloody war between taxi operators in rural South Africa, a judicial inquiry said yesterday, Reuter reports from Johannesburg.

A report by the Goldstone commission into the taxi war in Groblersdal, in the eastern Transvaal, said one of the root causes was lawlessness and "a culture of taking the law into one's own hands".

The report gave no figures for casualties in the taxi war which erupted in 1991, but said there was "serious loss of life, injury and damage".

The inquiry into taxi wars is part of a broader attempt by Judge Richard Goldstone to define and defuse the roots of South Africa's political violence.

## Two Palestinians shot dead

Israeli troops shot dead two Palestinians and wounded 53 in clashes in the occupied Gaza Strip yesterday Palestinian sources said, Reuter reports from Khan Younis, Gaza Strip.

In the third straight day of clashes with stone-throwing demonstrators in Khan Younis, soldiers shot dead Rayed al-Shana, 19, and wounded 40 other Arabs, blinding a 12-year-old boy in one eye, hospital officials said.

Troops in neighbouring Rafah later opened fire on stone-throwing Arabs, killing a 42-year-old teacher at a local UN school, Palestinians said. They said the teacher was shot in the head while visiting mourners, and 13 others were wounded in Rafah.

The army said 25 Palestinians were wounded in the Gaza Strip and it was checking the reports of deaths.

# Argentina to probe Italian bribes link

By John Barham in Buenos Aires

ARGENTINA'S President Carlos Menem has announced an investigation into allegations that his brother-in-law extorted bribes from companies three years ago when he was a foreign ministry official in charge of relations with Italy, Spain and Middle Eastern countries.

He and other former and serving officials are suspected of involvement in Italy's widening corruption scandal.

Mr Menem said he was "going to be absolutely inflexible with those who have not acted correctly."

On Tuesday, ex-president Raul Alfonsin said he sent a letter in 1990 to then-foreign minister Domingo Cavallo alerting him to complaints from businessmen that Mr Karim Yoma, brother of Mr Menem's estranged wife Zulema, had demanded bribes to process applications for Italian government soft loans. Italy has credit lines to Argentina worth over $1.0bn.

The allegations against Mr Yoma, who left the government in 1990, are the latest in a series of claims, from the opposition and the press, that other senior government officials in Argentina and Italy demanded "commissions" from companies applying for loans to import Italian machinery or finance investments in Argentina. Officials are also suspected of approving projects to Italian companies on suspiciously generous terms.

In 1987, Argentina signed investment and loan agreements with both Spain and Italy breaking its economic and political isolation following the 1982 debt crisis and defeat in the Falklands conflict. Although it was Mr Alfonsin who signed the agreements, most of the loans began flowing after Mr Menem took office.

Mr Menem has denounced Mr Alfonsin's allegations as a smear campaign in the run up to Congressional elections. However, Mr Alfonsin has touched a raw nerve. Mr Menem's government has been rocked by over a dozen corruption scandals in the last two years, three of which involve members of his wife's family.

In December 1991, Mr Miguel Angel Vicco was forced to resign as Mr Menem's private secretary, when the press accused him of corruption. It was Mr Vicco who introduced the president to several Italian businessmen suspected of attempting to misappopriate Italian loans.

Menem: launching an inquiry which includes his brother-in-law

# Peru pays off arrears with IMF

By Sally Bowen in Lima

PERU yesterday regained its financial respectability by clearing more than $1.7bn of arrears to the International Monetary Fund and World Bank dating back to 1986.

A short-term bridging credit extended jointly by Japan's Eximbank and the US Treasury was deposited on schedule to allow the immediate clearing of Peru's arrears with the Fund, totalling some $860m.

The IMF board then gave its formal blessing to the country's 1993-95 economic programme. This allows extended fund facility to come into play, assuring the cash-strapped Fujimori regime a total of $1.4bn over the next three years and allowing repayments to the US and Japan.

Through a further series of financial manoeuvres, Peru also yesterday cleared arrears of some $900m with the World Bank, which immediately activated credits of $1.03bn.

Peru is a beneficiary of the IMF's "rights accumulation approach", aimed at allowing a small group of countries to pay off deep arrears with the multilateral institutions.

While settlement with the multilaterals is a crucial first step towards resolving the foreign debt problem, Peru is far from home and dry. Agreements must now be reached with the Paris Club over debts totalling some $8bn. Then there are the commercial banking creditors, owed around $6bn, plus a $1.3bn debt with suppliers. The last two categories of debt are almost entirely in arrears.

In coming weeks Peru will be seeking extensive write-offs on its government-to-government debt in Paris. Experts say that, if the balance of payments is to become even remotely viable in the medium term, Peru will need to win conditions better even than those granted to Poland.

Peru's total foreign debt currently stands around $21bn – $19bn of that is long-term, public sector debt.

# Venezuelan leader again under assault

**Joe Mann** reports from Caracas on a move to impeach Pérez

VENEZUELA'S President Carlos Andres Pérez, who survived two attempted coups last year and repeated demands for his resignation, now faces possible impeachment 11 months before he is due to leave office.

The initiative, launched by Mr Ramon Escovar Salom, attorney-general, has generated a new wave of rumours about another military uprising, renewed the debate about early presidential and legislative elections (at present due in December), and sapped confidence among investors.

As attorney-general, Mr Escovar acts independently of the administration. However, he himself has been accused of being motivated in this action by personal ambition.

The Supreme Court has been asked to rule on whether there is sufficient merit in Mr Escovar's petition to impeach the president for allegedly embezzling some $17m in 1989 from a secret Interior Ministry account for national security and defence expenditures.

Mr Pérez insists the money was used for "secret" security and defence purposes. His opponents say it was spent on his 1988 presidential campaign, and possibly for other non-security purposes.

There is little public sympathy for Mr Pérez, a popular figure before he began implementing economic reform measures four years ago. President in the oil boom years from 1974 to 1979, he has become for many Venezuelans a symbol of corruption and old-style backroom politics.

If the high court rules in favour of the petition, the senate must decide if just cause exists to try the chief executive. A positive senate vote would then cause the president to be suspended and stand trial before the supreme court.

The petition, unprecedented in recent history, has created new uncertainties in a country still jittery over last November's foiled military uprising.

The executive branch in the past wielded huge power, hardly fettered by the supposedly-independent supreme court. Important decisions were influenced by the presidency or leading figures in the country's two big political parties: Mr Pérez's own Democratic Action party and the Christian Democrats, Copei.

However, this seems to be changing. Last week, the court ruled that the government's use of special summary courts-martial to try military and civilians accused of participating in last November's rebellion was unconstitutional.

This means that the accused rebels must be retried before ordinary courts-martial, something the government had wanted to avoid because of defence attorneys' delaying tactics. It has still not managed to prosecute the military accused in the attempted coup in February last year.

Ironically, Mr Pérez lobbied successfully last year for changing the composition of the supreme court, effectively taking a first step towards depoliticising it.

For the president, the attorney-general's initiative extends his political purgatory. He and his administration, committed to widespread economic and political reform, have faced over the past 13 months two military uprisings, hundreds of anti-government protests and riots, repeated calls for his resignation and press attacks.

Partly as a result of his policies, Venezuela's economy has been the fastest growing in the region since 1990. However, this has not been enough for investors, who are worried about the political uncertainty and doubts about the policies of the next president.

## US trade deficit widens

The US merchandise trade deficit widened slightly in January compared with the previous month, as both exports and imports fell in value, Jurek Martin writes.

Seasonally adjusted exports in January amounted to $37.0bn, down from $39.7bn in December, and imports $44.3bn ($46.6bn), leaving a deficit of $7.3bn ($6.9bn).

Both the export and the import figures were the lowest since last August.

# Clinton to pass healthcare ration plan

By Jurek Martin in Washington

THE Clinton administration is expected to announce today its approval of Oregon's plan to ration health care for the poor while simultaneously making basic medical treatment more widely available.

Last year President George Bush had rejected the Oregon plan on the grounds that it infringed federal disability regulations. It has subsequently been revised in order to meet these objections.

The nub of the Oregon plan advanced by Governor Barbara Roberts is to subject 688 medical procedures to cost benefit and quality of life analyses. The state Medicaid programme, which covers the less well-off and which is partly federally funded, would continue to cover the top 568 medical services, but would not pay for the remaining 120.

Excluded would be certain expensive operations, such as some liver transplants and care for the terminally ill, and a variety of other services, including obesity and fertility counselling. According to state officials, Medicaid could be made available to 360,000 recipients, compared with 240,000 at present.

However, even administration approval is unlikely to prevent lawsuits against the plan, which may block its implementation . On Wednesday, several interest groups, representing sufferers from cerebral palsy, spina bifida and Aids, urged the president to block the plan.

The Oregon scheme is attractive to the administration, itself grappling with healthcare reform, not least because President Clinton has often spoken of the need for the state to act as practical and experimental laboratories for new policies. In meetings with governors last month, he specifically urged them to be innovative in administering their Medicaid programmes, for which costs have soared.



# Brown defies 'pessimism' over Nafta

By Nancy Dunne in Washington

THE Clinton administration yesterday admitted widespread US "pessimism and defensiveness" about the North American Free Trade Agreement, but promised to fight for it and pledged its commitment to "freer trade".

In a speech prepared for delivery to Mexican businessmen in Monterrey, Commerce Secretary Ron Brown warned "worried and disillusioned workers" against searching for scapegoats. In such a climate "foreign trade becomes an issue that may not be considered rationally". The administration had made Nafta implementation one of the pillars of its economic programme.

As he spoke, trade negotiators from the US, Canada and Mexico entered their second day of talks in Washington on Nafta side agreements, concerning labour rights, the environment and import surges, which will have to be settled if the pact is to win congressional approval.

Mr Brown called on businessmen in all three countries to re-examine their operations and demonstrate their commitment to high environmental and labour standards. Some critics of Nafta were using those issues "to hack away at the underpinning of support".

"There are some who are trying to graft other agendas on top of a trade agreement, whether or not that agreement might be killed in the process," he claimed. "Be assured this is not the case with Bill Clinton or Ron Brown."

Meanwhile, a confidential report from the Texas attorney-general's office – and allegedly prepared for Mr Mickey Kantor, the US Trade Representative – claims that Nafta will affect US state laws more than any previous international agreement.

"Once approved by Congress, the agreement will supersede all conflicting state and federal laws," it says. This could include health and safety and environmental agreements that are more stringent than federal laws.

To protect state laws, it recommends that the proposed side agreements state explicitly that non-discriminatory standards are not necessarily obstacles to trade.

# Brazil races to beat US wrath over piracy

## New copyright laws are being pushed in an attempt to avoid sanctions, writes **Christina Lamb**

HAUNTED by the spectre of US trade sanctions after a three-year breathing space, the Brazilian government is rushing to push through legislation on patent and intellectual property protection.

Brazil is one of the most likely candidates to face action next month under section 301 of the 1974 Trade Law for barriers to US trade. Currently on the US priority watch list, Brazil will face sanctions if it is put back in the group of worst offenders for failing to recognise patents for products since 1945 or processes since 1971.

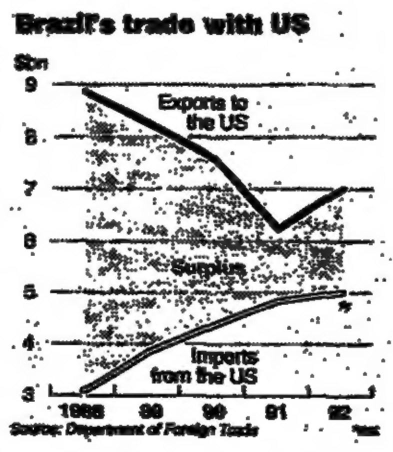
With the April 30 deadline for action looming, the Clinton administration has received strongly worded petitions from the US pharmaceutical and video games industries which claim to be losing between $300m-600m a year through piracy in Brazil.

Super 301 sanctions, imposed on Brazil in 1988 for failing to provide patent protection for US pharmaceuticals, were lifted in 1990 after promises by the Collor government to introduce a new law on patents and trademarks.

Although legislation was presented to the Brazilian Congress in 1991 – two years and more than 1,000 amendments later – it is still to be voted upon. Its progress was halted by special interests and the Collor corruption scandal which paralysed lawmaking for much of last year.

The new administration of President Itamar Franco is seen as more protectionist than its predecessor and US officials say there is "a definite lessening of support" for the legislation. But Brazil appears increasingly isolated on this issue, at a time when even China and Albania are implementing intellectual property legislation and the Uruguay round of the General Agreement on Tariffs and Trade is discussing a set of international norms.

**Brazil's trade with US**




Source: Department of Foreign Trade

Mr Fernando Henrique Cardoso, Brazil's foreign minister, has been pushing for a new law, particularly as the Clinton administration is expected to have less sympathy for Brazil than that of former President George Bush.

Last week, a government proposal was concluded that, subject to presidential approval, will go before the current session of Congress. Foreign drug companies are unhappy about a proviso which would force them to seek licences if they are found charging excessive prices.

The bill however does meet other important concerns such as offering "pipeline" protection for products under development, and almost immediate implementation. The government has proposed that it come into effect from January 1994.

These points are likely to be contested by nationalists who have been lobbying for a 10-year grace period. But a US official points out: "Brazilian pharmaceutical companies have had 22 years of protection and freedom to copy, justified on the basis that it would allow local industry to build up and innovate, but in all that time they have not invented a single new product".

Although the lack of protection has deterred foreign investment, 70 per cent of the Brazilian market remains dominated by multinationals and the other 30 per cent consists of small companies which simply assemble or copy foreign products.

The Brazilian government hopes that what Mr Cardoso describes as "a very reasonable proposal" will improve trade and relations with the US.

Although over the last three years, some traditional tensions – such as on the environment, debt and Brazil's ban on computer imports – have been removed, there are still strains in the relationship. There is Brazil's continuing support for Cuba and its fears over the North American Free Trade Agreement.

Franco: the US sees his administration as more protectionist than Collor's

Of all the major Latin economies, Brazil has perhaps the least close relationship with the US. Brazilian trade to the US has dropped sharply – the US now accounts for only 19.3 per cent of its export market compared with 24.3 per cent in 1989.

Pointing at the dramatic fall in Brazil's annual surplus with the US from $5bn in 1988 to less than $2bn last year, Brazilian officials say that the country has not had enough reciprocity for the progress it has made in bringing down tariff barriers.

Brazil was one of the main victims of recent US countervailing duties on steel, the US still restricts transfer of sensitive technology to Brazil and slaps high tariffs on many Brazilian products, such as orange juice concentrate.

The new bill on patents and trade marks faces a stormy passage through the often nationalistic Brazilian Congress. Under pressure from the national pharmaceutical company lobby and the Roman Catholic Church, which is demanding that living serum and biotechnology references be excluded from the law, the government has already decided not to ask for the bill to be voted on an expedited basis.

The government is nonetheless hoping that its actions will be sufficient to ward off US retaliatory duties. Mr Cardoso claims to have received no direct threats: "We're not doing this because of the risk of reprisals but because we ourselves want the changes."

# Brother to import typewriters from US

By Charles Leadbeater in Tokyo

BROTHER Industries, the electronics group, plans to transfer production of portable typewriters from its home base in Japan to the US and to export typewriters back to Japan from its US factory.

The company said it would begin importing models from the US from next week. Brother said it would become more internationally competitive by concentrating typewriter production in the US which is the largest typewriter market.

The move is one of the most radical taken by a Japanese manufacturer since the recent appreciation of the yen to shift to overseas production to improve competitiveness.

The recent rise in the value of the yen against the dollar has made exports from Japan less competitive, while exports into the Japanese market from the US should make Brother more competitive.

Brother makes 20,000 English language typewriters each month mainly for export to the US and Europe. About 15,000 are portable models.

It expects to export from US to Japan about 3,000 typewriters a month.

# Dasa warns of 600 fewer aircraft sales

By Daniel Green

THE world recession in the airline industry has forced Deutsche Aerospace (Dasa), part of the consortium that builds Europe's Airbus aircraft, to cut its forecasts for aircraft sales and traffic growth over the next 20 years.

It lowered its estimate of medium-sized and large aircraft to be sold over the same period by 600 to 10,800.

Much of the decline will be over the next three years, with a recovery only in the second half of the decade.

Traffic will grow at 4.9 per cent a year over the next 20 years; last year's forecast was 5.1 per cent.

The company warned in its latest world market forecast that even these figures might have to be reduced if world economies failed to recover well or fuel taxes rose or the construction of high speed train links continued, especially in Europe.

Dasa estimates sale of large and medium-sized aircraft – defined as those with over 70 seats – will be worth $835bn at today's values over the next 20 years.

It raised its forecasts for the share of sales to the Far East and Europe.

# Rolls wins USAir order

By Paul Betts, Aerospace Correspondent

**ROLLS-ROYCE has won $200m (£140.8m) in new business from USAir, following the airline's decision to convert options into firm orders for RB211-535E4 engines to power 15 Boeing 757-200 twin-engine airliners.**

**USAir, the sixth largest carrier in the US, is also taking options on 15 more Rolls-Royce powered Boeing 757s. The deal was signed in Washington on Wednesday two days after the US government cleared British Airways' $300m investment and a code sharing ticketing agreement with USAir.**

# Nuclear bribe trial opens

By Frank Gray

THE trial has opened in Newark, New Jersey, of two US companies alleged by the Philippines government to have bribed former President Ferdinand Marcos to win a contract in the mid-1970s to build a nuclear power station.

The two companies, Westinghouse Electric and Burns & Roe, the engineering consultant, deny the charges.

The civil action trial, brought by the Manila government, is being presided over by Judge Dickinson Debevoise, who heard nearly four years of arguments from the plaintiffs and defendants before committing the two companies for trial.

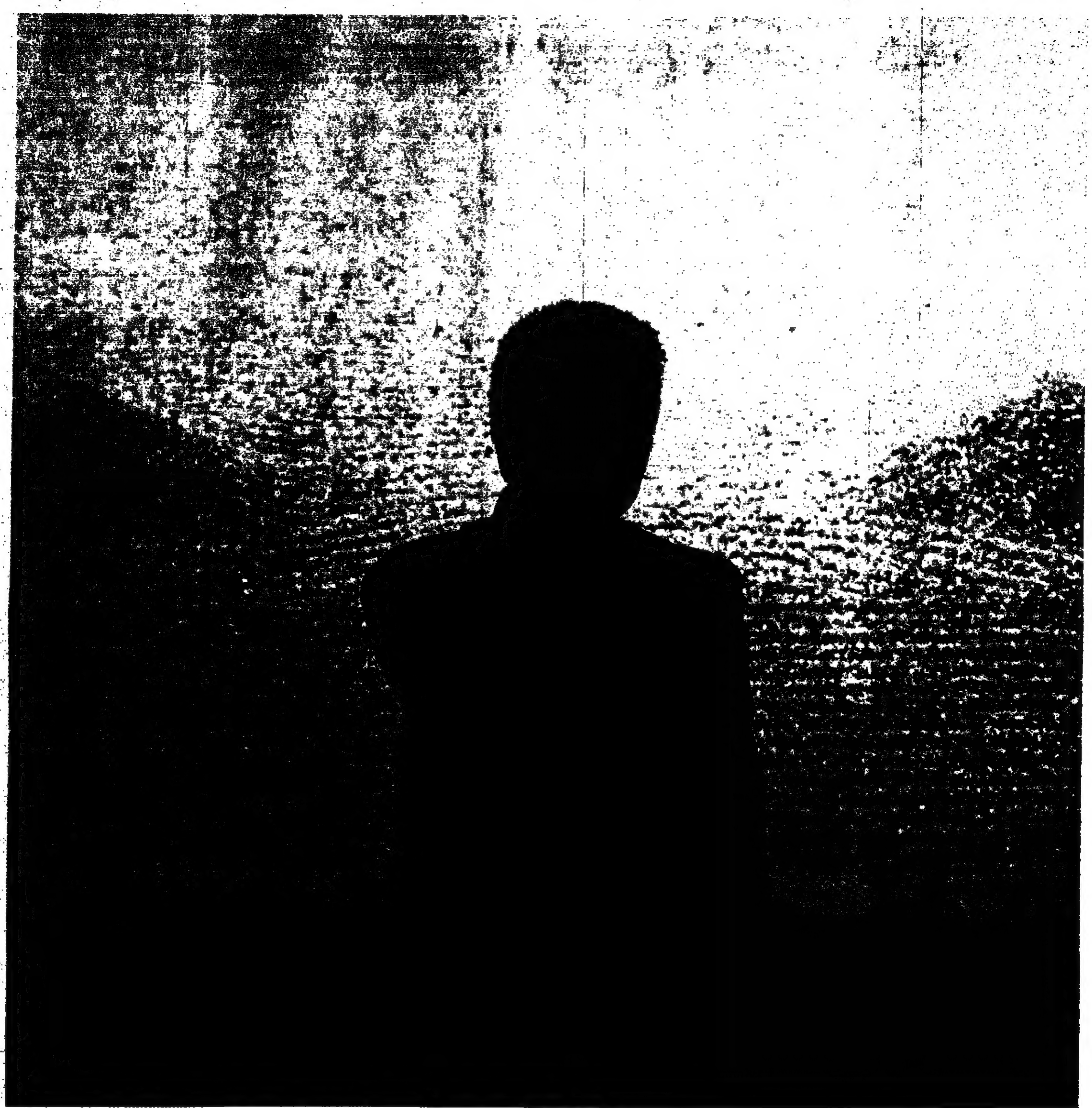
The plaintiffs claim that a $17.5m commission paid to a Mr Herminio Disini, a Marcos family associate, was a bribe, with Mr Disini acting as a conduit to the late Philippines leader. Mr Disini, they allege, had little experience in the power business, and his main strength was his ability to influence the president.

The defendants maintain the commission was legitimate and that Mr Disini had widespread business connections that would enable him to marshal the logistical support for the project.

They had hoped to avoid a trial following the findings of an independent arbitration tribunal under the International Chamber of Commerce in Geneva which reported in 1991 that it could find no evidence bribes had been paid. But Judge Debevoise argued the US court would not be bound by the tribunal finding, saying the ICC had disregarded the large body of circumstantial evidence he had been reviewing.

The original jury trial was to have taken place a year ago, but in an out-of-court settlement Westinghouse agreed to revive and upgrade the mothballed plant and operate it for 30 years. However, the settlement collapsed when the new government of President Fidel Ramos found it could replace the 620 MW nuclear plant much more cheaply with conventional power stations.

# Being truly attentive means knowing when to leave you in peace.



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A WORLD OF COMFORT

# Former stock exchange chief criticises City

By Richard Waters

THE TAURUS fiasco has revealed a lack of leadership for the sort of large infrastructure projects which affect the future of the City, according to Mr Peter Rawlins, the former chief executive of the London Stock Exchange.

Speaking publicly for the first time his resignation from the exchange last week, Mr Rawlins warned: "There is a real City management problem here. It could happen again, and it will happen again unless we change our approach."

He refused to comment on the history of the paperless settlement project, but said: "I took responsibility as chief executive for the Stock Exchange's failure. But to characterise it simply as a Stock Exchange failure, or as a failure just of the technology, is to miss the point."

His words were echoed by other senior executives in the City who had been closely involved in the Taurus project. Mr Patrick Mitford-Slade, chairman of the Siscot committee, which designed Taurus, said: "With hindsight, we were trying to satisfy too many interests. It needed leadership from the Bank [of England]."

A member of the City monitoring group set up to oversee the Taurus project said: "I don't think anyone understood the whole project. There was no single sponsor."

Bank officials have acknowledged the difficulty of promoting changes to the way financial markets operate which may be for the good of the City as a whole but which damage some interests in it.

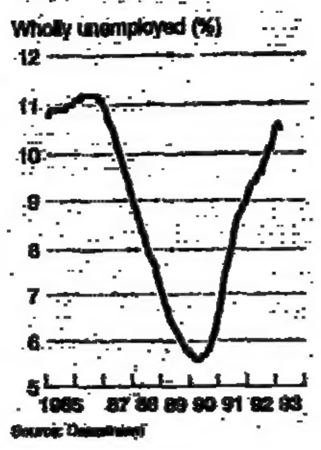
The Bank stepped forward at the end of last week to take over the search for a successor to Taurus, after exchange chairman Sir Andrew Hugh Smith approached the Bank of England governor, Mr Robin Leigh Pemberton. However, there are concerns in some quarters that the conflicting interests which bedevilled Taurus are already resurfacing.

Taurus fiasco, Page 9

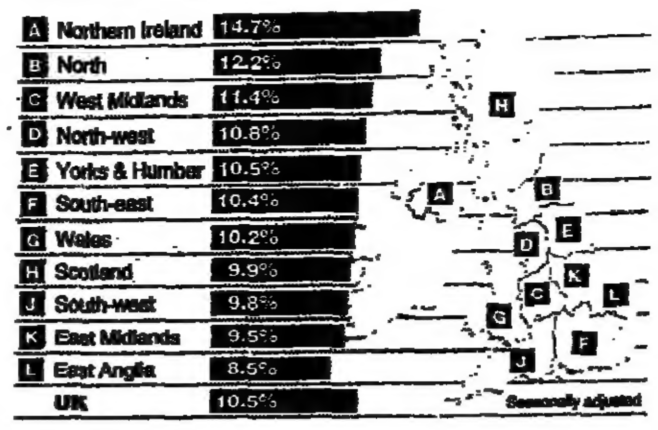
# Fall in unemployment baffles economists

By Emma Tucker, Economics Staff

UK unemployment




UK unemployment: February 1993




UK ECONOMISTS and statisticians yesterday struggled to explain last month's sharp drop in unemployment. One baffled official confessed the figures were checked twice, such was the surprise at the Department of Employment.

Most analysts said it was too early to judge whether the seasonally-adjusted fall of 22,000 represented a turnaround or whether it was a statistical quirk. However, the official figures highlighted encouraging trends.

The Department of Employment said the February fall was driven by a drop in the number of people registering for unemployment benefit. About 370,000 people joined the claimant count last month, 19,500 fewer than in the same month last year. Outflows from the count were 391,200, over 33,000 more than in February last year.

Some of the outflows would have left the count to join government employment schemes. The number of people involved in Employment Training, for example, rose by 5,000 in February compared with January. The numbers on Business Start Up rose by just over 1,000.

There was no regional pattern to the reduction in unemployment. The good news was spread fairly evenly across the country with the jobless total falling in all regions except greater London, the north and Northern Ireland.

Unemployment in the south-east, one of the regions worst hit by the recession, fell by a seasonally-adjusted 5,700 in February compared with January. But in greater London it rose 800 on the month. In the north the number of people out of work and claiming benefit rose by 600 and in Northern Ireland by 200.

Some regions experienced their first drop in unemployment for three years, noticeably East Anglia where it fell by 1,200 and the west midlands where it dropped 2,400. East Anglia and the south-west had the biggest percentage falls in unemployment.

February's sharp overall drop has left a question mark over the trend growth rate in unemployment. February's fall cut sharply the underlying rate of increase, as measured by the three-month on three-month comparison. In the three months to the end of February the jobless total rose by 19,500 compared with 41,800 in the three months to the end of January.

February's fall was consistent with a sharp pick-up in vacancies at job centres, about a third of all vacancies in the economy. These rose by a seasonally-adjusted 17,600 in February after falling by 4,400 in January.

Economists also pointed to a slowdown in the rate at which the level of overall employment is falling. The workforce in employment dropped 85,000 in the fourth quarter to 24.9bn, the smallest fall since the first quarter of last year.

The department of employment issued the results of its quarterly labour force survey yesterday. This measures unemployment through a household survey rather than by simply adding up the number of people claiming unemployment benefit. It showed that in the three months to the end of November, unemployment was 2.8m. This was 66,000 more than the average monthly number of unemployed recorded by the claimant count.

**Average earnings rose an underlying, seasonally-adjusted 4¾ per cent in the year to January, unchanged on the December figure, the lowest annual increase for 25 years, writes Emma Tucker.**

**There was, however, a ¼ point drop in the annual rate of average earnings for manufacturing industry. They rose by 5¼ per cent in the year to January, compared with 5½ per cent in the year to December. Average earnings for the service industries were unchanged at 4½ per cent.**

**Unit wage costs for the whole economy rose by 1.9 per cent in the year to the fourth quarter last year. Wages and salaries per unit of output have not risen this slowly since 1968.**

**In manufacturing, industry unit wage costs fell by 1 per cent in the three months to January, compared with the same period a year ago.**

**Manufacturing output per head was 1.8 per cent higher than in the three months ending October, and was 6.4 per cent higher than in the same period a year earlier.**

# International engineering contracts grow by 40%

By Andrew Taylor, Construction Correspondent

THE VALUE of international construction contracts involving British consulting engineers jumped by more than 40 per cent from £41.98bn to £60.06bn last year, according to figures published yesterday.

Consulting engineers contributed an estimated £625m to Britain's invisible earnings in 1992 – almost 39 per cent more than the £450m earned in 1991.

The figures, published by the Association of Consulting Engineers, do not include any contribution from British contractors or building material producers working on international projects.

Last year's rise in overseas work has partially offset a deep decline in domestic orders in the recession-hit UK construction industry, which led to substantial write-downs on land values for residential and commercial development.

The increase in international orders was due to several very large transport and energy projects mostly in the Far East.

As a result the capital value of new projects for which British consultants won contracts more than doubled to £27.75bn. More than a third of this total was represented by the £10bn Elevated Transport System in Bangkok, where Ove Arup has won contracts.

British consultants also won a work on a £2.7bn land fill project in Hong Kong, part of transport infrastructure for the new Chep Lap Kok airport. Consultants working on the airport development include Mott MacDonald, Sir Alexander Gibb, Scott Wilson Kirkpatrick and Mouchel.

British consultants also won work last year on several large power station projects in China. Mr Povl Ahm, chairman of the association said that the level of construction orders being placed internationally by China was increasing.

He was concerned that Britain should not lose a share of this work because of political wrangling over the future of Hong Kong.

He said there was no sign of significant recovery in world construction orders outside the Far East. The capital value of Far East projects involving British consultants rose from £11.85bn to £28.85bn last year. This compared with contracts worth £9.67bn in Africa, £8.54bn in the Indian sub-continent and £6.52bn in the Middle East.

# Settlement expected on Leyland Daf buy-out

THE future of the management buy-out bid for the Leyland Daf plant in Birmingham is likely to be settled within the next fortnight, Paul Cheeseright writes.

Its chances of success were improved on Wednesday by the decision of 3i, the venture capital group, to advance equity finance. Mr Ken Ogilvy, a partner at Coopers & Lybrand Deloitte, accountants, said yesterday detailed cashflow projections for the next six months of the plant's operations are being prepared for presentation next week to the credit committees of clearing banks and finance houses.

Coopers is trying to pull together a finance package for the buy-out team led by Mr Allan Amey.

Banks and finance houses are needed by the management buy-out team to provide the debt element of the financing package, which will also involve the public sector.

Uncertainty over the future, however, has led to a decline in orders for Leyland Daf vans from mid-April. "Much beyond that the orderbook looks pretty poor," said Mr Ogilvy. Dealers have been delaying firm orders until the outcome of the buy-out bid is clear.

"We will not be in a position to strike a deal with the receiver for another week or so," said Mr Ogilvy.

Although that depends crucially on the attitude of the banks, he noted that 3i's decision had put down a marker: "It starts to focus everybody's mind that what might be possible is possible."

# Motor industry hit by falling output

By John Griffiths

THE UK motor industry is still looking in vain for the production upturn it has forecast for this year.

Car output fell by 2.3 per cent and commercial vehicle output by 15.73 per cent in February, compared with year-ago levels – a performance described yesterday as "disappointing" by Sir Hal Miller, chief executive of the Society of Motor Manufacturers and Traders.

Statistics issued jointly by the SMMT and Central Statistical Office showed car output falling to 110,844 units from 114,192 in February last year. Production for export rose by 4.4 per cent, to 49,206 from 47,130. Output for the domestic market fell by 8.2 per cent, to 61,638 from 67,062.

Most analysts expect around 10 per cent growth in the severely depressed UK market this year,

however the growth of output for export may be increasingly constrained by a swift and unexpectedly severe downturn in major Continental markets. Sales so far this year are down by around one quarter in France and Germany and by more than 40 per cent in Spain.

Car output for the first two months of the year totalled 219,986, up 5.03 per cent from the same year-ago period. Production for export was 12.27 per cent higher, at 99,498 from 88,622. January's production performance was artificially boosted, however, because it contained five weeks' production compared with four last year.

Commercial vehicle output in February fell to 17,912 compared with 21,255 a year ago. Production for export was down by 21.23 per cent, from 12,956 to 10,207, partially reflecting the halt in production at Leyland DAF.

Commercial vehicle output for this year's first two months totalled 36,725, down 2.47 per cent on last year's 37,655.

Product for export was 13.57 per cent lower, at 19,558 from 22,629.

# Amstrad launches £300 'personal digital assistant'

By Alan Cane

AMSTRAD, the UK consumer electronics company, yesterday announced the first of a family of "personal digital assistants", hand-held electronic notebooks which recognise and accept their owner's handwriting.

They can also be used to send faxes over the telephone network when connected to a suitable modem.

Designed by Amstrad and manufactured in mainland China, the Pen Pad will be in shops by early May at a price of £299.99 including VAT.

It is not the first; Japanese and US companies are already marketing hand-held computers which recognise handwriting. Amstrad's price, however, is significantly below that of competitive products.

Some of the world's largest electronics companies see a bright future for personal digital assistants (pdas), and are planning their own versions. The list includes IBM, AT&T and Apple. Their products are expected to be more sophisticated than the Amstrad pda, but cost considerably more.

A recent survey in the US by BIS Strategic Decisions showed that one in three executives would be prepared to buy one; cost was not a key issue.

The Amstrad launch is an indication that the company, which recently returned to profitability, is still capable of producing new product ideas.

Mr Paul Norris, electronics analyst with stockbrokers BZW said; "This product is important because it demonstrates the product pipeline is still vibrant and active".

Mr Alan Sugar, Amstrad chairman, failed in December to persuade shareholders to sell him the shares he does not already own, saying he could see no prospect of a "blockbuster" product on the horizon.

The Pen Pad will be launched formally in Hanover next week along with a new fax machine, telephone and £300 notebook computer capable of running spreadsheets.

Weighing less than a pound and about the size of a paperback book, the Pen Pad has to be "taught" to recognise its owner's handwriting. For the future Amstrad envisages pdas incorporating a telephone, printer or on-screen road map.

VAT ON DOMESTIC FUEL AND POWER

# Major promises cash help for poor

By Ralph Atkins and Bronwen Maddox

THE THREAT of a revolt by Conservative MPs yesterday forced Mr John Major into promising extra help for 10m people on low incomes who be hit next year by the budget imposition of value added tax on domestic fuel and power.

The move marked a climbdown from earlier indications by Treasury and social security ministers that compensation would be limited to uprating income related benefits in line with retail prices.

The announcement eased alarm among Conservative MPs but the government's difficulties could be further deepened by separate official calculations showing that hidden costs of government energy saving schemes could add nearly 4 per cent a year to domestic fuel and electricity bills, in addition to VAT.

There were no figures last night on how much the package announced by Mr Major will cost – underlining the haste behind the move. Estimates circulating among MPs suggested the sum involved could be as high as £1bn.

The government was careful, however, not to promise full compensation for the VAT extension. It indicated that falling gas prices and the extra boost given to benefit claimants this year, would be taken into account.

The package will begin from April 1994 when VAT on domestic fuel will start to be levied at 8 per cent.

Details may not be decided until November – unless, as seemed likely last night, pressure from Conservative MPs forces further concessions. Some Tories are still pushing for an increase in the basic state pension.

Amid Downing Street complaints that the government's position had been "misinterpreted," the Cabinet agreed to allow Mr Peter Lilley, social security secretary, to embark on a series of media interviews clarifying the position.

Earlier, Mr Norman Lamont, the chancellor, did not mention additional help, saying only: "It will be for us to consider what is appropriate."

Mr Michael Portillo, Treasury chief secretary, told the Commons that afternoon that, "all such issues are made up of swings and roundabouts".

Yesterday's decision will help 5m people on income support and a further 3m on housing benefit, council tax benefit or family credit. After taking account of people moving into or off benefit registers over a year, the total will include a further 2m. Mr Major said cold weather payments would also be adjusted.

Mr John Smith, Labour leader, accused the prime minister of "betraying" election promises. Mr Major said: "I said last year that we had no plans to raise taxes and nor did we. But we have an overriding commitment to return the deficit to balance."

# Deals may secure threatened mines

By Michael Smith and Philip Stephens

THE government yesterday persuaded at least four electricity companies to accept binding arbitration to resolve disputes over contracts for coal-fired power. Ministers have blamed the disputes for delaying a white paper, or policy document, aimed at saving some of Britain's 31 threatened pits.

The arbitration is the latest, and ministers hope the last, in a series of government initiatives over more than eight months to cajole the two generators in England and Wales and the 12 regional electricity companies into concluding deals with British Coal.

Ministers are pushing the industry to conclude a final deal so that the government's white paper and the new contracts between British Coal and the generators, backed by deals with regional power companies, can be published before April 1. Existing deals between BC and the generators run out on that date.

The Department of Trade and Industry is still uncertain that the remaining obstacles can be overcome during the next few days but has pencilled in time at next Thursday's cabinet meeting for government approval of the scheme.

Ministers are also continuing to downplay expectations on the number of pits which might be saved. Legal advice on the cross-Channel interconnector published yesterday was said to have undercut significantly the call from Commons trade and industry select committee for 16m tonnes expansion of the market for coal.

Senior Conservative MPs believe that Mr Michael Heseltine, trade secretary, is preparing opinion at Westminster for a deal that might save fewer than 10 of the 31 threatened pits.

The arbitration initiative follows a statement to MPs by Mr Heseltine on Wednesday that he would not publish a white paper until the electricity industry had signed contracts on coal-fired power.

Most power industry executives believe a deal can be reached on "base" contracts for 40m tonnes of coal next year and 30m for each of the next four. However, several regional companies say they are against signing anything until they see how the white paper affects the energy market.

Talks between British Coal and the generators for additional contracts, thought to involve only about 40m tonnes over five years, have been put on hold while the base contract problems are resolved.

Mine over matter: miners at Monktonhall colliery – Britain's only pit operated by a miners' consortium – are determined to keep it open despite a financial crisis and lack of backers

# Scottish pit loses backer

By James Buxton, Scottish Correspondent

CALEDONIAN Mining, the independent coal company, has abandoned plans to take a controlling stake in Monktonhall colliery, threatening the future of Britain's only pit operated by a miners' consortium.

The company, based in Newark, central England, said it was withdrawing from further discussions with the mineworkers and their advisers Price Waterhouse. It had been deterred by reports that it did not enjoy the miners' support.

The miners have now launched a public appeal to raise money to plug a gap in the finances of Monktonhall Mineworkers, the consortium operating the colliery near Edinburgh which is in serious financial difficulties.

Yesterday Lothian regional council agreed to pay for a £25,000 study of the company's financial and technical viability by Quayle Munro, the Edinburgh merchant bank.

Monktonhall Mineworkers, which leased the pit from British Coal last June, has been seeking outside investors because of funding shortages. Its only source of capital is the £1.6m raised by the 160 miners.

Although Monktonhall is continuing to produce coal for its main customer, British Coal, it has a deficit of £1.7m and the miners have not been paid for seven weeks.

## Britain in brief

### Major backs governor of Hong Kong

China's attempts to undermine the position of Mr Chris Patten, the governor of Hong Kong, have been bluntly repudiated by Mr John Major, the prime minister.

While reaffirming Britain's readiness to have further talks with China without pre-conditions he told the Commons that the government stood behind Mr Patten.

In a tribute to Mr Patten the prime minister said he had acted "sensitively, resolutely and correctly", and said Britain would continue to make this clear to China, which is due to regain sovereignty over Hong Kong colony in 1997.

### Changes urged on insurance

Sir Bryan Carsberg, director general of the Office of Fair Trading said current rules for selling life insurance "have significantly anti-competitive effects" and key aspects of them must be changed.

The government must now decide whether to implement the OFT's proposals, which the life insurance industry has already vowed to fight. The Association of British Insurers claimed that the proposals would deter consumers from buying life assurance products, and tilt the balance from independent brokers in favour of banks and building societies.

Consumer groups greeted the OFT report with enthusiasm.

### BR seeks private funds

British Rail, the state rail network, has appealed to the private sector to come forward with ideas for financing a £325m expansion of the Thameslink cross-London line. It said it hoped to fund the long-outstanding project by taking advantage of new Treasury guidelines aimed at encouraging private sector participation in transport projects.

BR said it was looking at the possibility of applying a similar approach to all its outstanding investment projects, including the Thameslink expansion and the upgrading of the line between London and Glasgow.

### Legal action on primrose oil

Scotia Pharmaceuticals, the holder of the only EC licence to sell drugs based on evening primrose oil – a common treatment for pre-menstrual tension – has begun a legal challenge to prevent a rival launching a similar product.

Norgine was given permission by the UK drugs licensing authorities last year to market a product called Unigam which is also based on gamolenic acid – a derivative of the oil. Scotia was granted leave to appeal for a judicial review against the decision.

### EC aid bids withdrawn

Mid-Glamorgan county council in south Wales is withdrawing its application for about £7m of European aid for 33 projects because it says it cannot now afford its share of the cost.

### Welcome for Ulster speech

Sir Patrick Mayhew, Northern Ireland secretary, has welcomed conciliatory comments made by Mr Dick Spring, the Irish foreign minister, on his government's constitutional claim to the province.

The content and tone of Mr Spring's speech, in which he intimated that Ireland would not press its claim to the province during talks on the political future of Northern Ireland, had been very encouraging, Sir Patrick told parliament.

### Row deepens at BBC

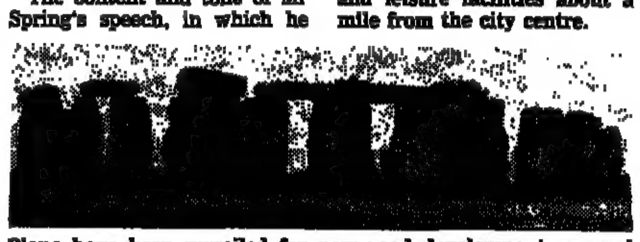
The BBC board of governors deepened the controversy surrounding the corporation's contractual arrangements with Mr John Birt, its director general, by acknowledging that he was not the first board of management level executive to have had his salary paid gross into his own private company and thereby avoid paying tax. The board said there would be no resignations over the affair.

### M4 measure grows 3.3%

Indications of continuing economic weakness were underlined by sluggish growth in the M4 measure of the money supply last month. M4 – which takes in notes and coins, plus deposits at banks and building societies – rose in the year to February by a seasonally-adjusted 3.3 per cent, only slightly above the 3.2 per cent rise in the 12 months to January, the Bank of England said.

### Stadium plan for Olympics

Organisers of the bid by Manchester to host the 2000 Olympic Games have unveiled plans for a futuristic £100m stadium. The stadium would seat 80,000 people. The overall project – worth £150m – would include a separate 6,000-seat facility for badminton and rhythmic gymnastics and a mix of retail and leisure facilities about a mile from the city centre.



Plans have been unveiled for new road developments around Stonehenge, the world heritage site in western England which is one of Britain's most famous tourist attractions. The scheme, involving a diversion and tunnel to keep traffic away from the ancient stones on Salisbury Plain, follows mounting criticism of the poor facilities and congestion on nearby roads

# THE PROPERTY MARKET

# Portfolio for all seasons

## Vanessa Houlder profiles the long-term strategy of Trinity College, Cambridge's richest

These are hard times for many of Britain's traditional landowners. Leasehold enfranchisement, the collapse in agricultural land values and the treacherous property development market have damaged the interests of landlords ranging from the Duke of Westminster to the Church of England.

But Trinity College, the richest college in Cambridge and one of the UK's oldest landowners, appears to be riding out the recession with enviable serenity. Its somewhat idiosyncratic portfolio, worth £207m, has so far stood it in good stead during the downturn.

Its wealth, which mostly dates back to land and ecclesiastical tithes seized from the monasteries by King Henry VIII, takes a form dictated by history and chance as well as by conscious design.

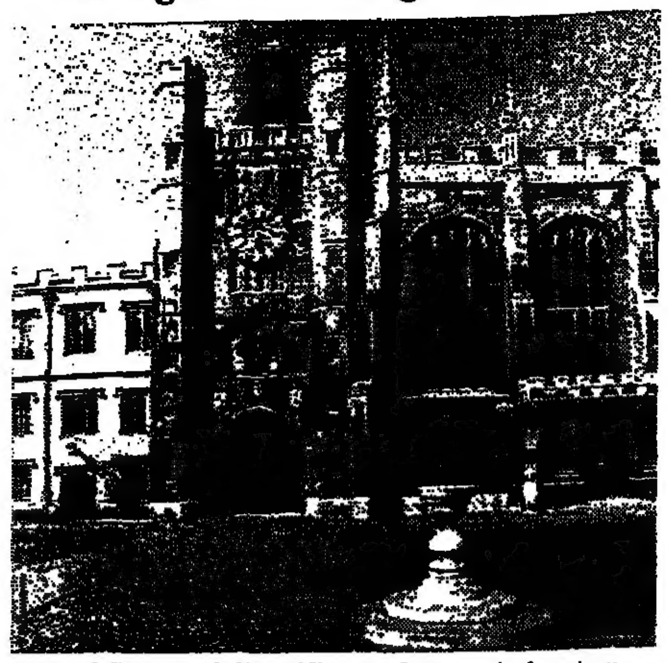
Its portfolio includes: gravel royalties; agricultural land; shops in provincial towns, including a large chunk of central Cambridge; the Cambridge Science Park; Felixstowe Docks; and a range of equities.

It shuns offices, with the exception of three small London properties, on the ground that they need frequent refurbishment. It also avoids gilts, believing that the income from its shop portfolio is an adequate substitute for fixed income securities.

In the past 35 years, the make-up of the portfolio has changed significantly from one that was split evenly between farms, urban property and securities. Nonetheless, its current breakdown – 5 per cent farmland, 50 per cent property and 45 per cent securities – is still far out of line with the average pension fund.

The differences between Trinity's fund and mainstream institutions do not, it seems, stem from a relaxed approach to performance. Asset allocation is reviewed by the college's finance committee (which includes Louis Freedman, former managing director of Land Securities), which vets its investment decisions.

The college insists it has pressing demands on its income, which last year totalled £15m. "We are fully stretched. We need every penny," says Mr John Bradfield, who ran the college's finances from the mid-1950s (when the assets were worth £3.2m) until this year.



Trinity College, Cambridge: riding out the property downturn

The money is used for the upkeep of its buildings, which costs more than £1m a year, the support of its fellows and a number of bursaries and trusts throughout the university. Some 15 per cent of its income is redistributed to the university and poorer colleges.

But the college's objectives differ from those of most other funds in respect of its time horizon. Even more than most funds, Trinity is investing for the long term. "You have to bear in mind the longevity of liabilities; here they are infinite," says Mr Jeremy Fairbrother, the college's recently-appointed senior bursar.

Mr Fairbrother is only the third senior bursar to be appointed in the past 60 years, reflecting a strong degree of continuity in the management of the college's affairs. This has generated a culture of long-termism, which has been furthered by a historical view of past investment decisions. "We have to keep an eye on what has happened over the last four centuries," says Mr Bradfield.

**'We have to keep an eye on what has happened over the last four centuries,' says the former senior bursar**

His lack of enthusiasm for gilts owes much to a realisation that the college's income would be minimal had it been endowed with fixed-income securities. Inflation – with the exception of a long period of stability or deflation during the 19th century – has been a pressing concern for investors since the days of Elizabeth I, when it soared as large amounts of gold were brought back from the New World.

The inflation suffered under Elizabeth I indirectly influenced the evolution of Trinity's investment philosophy, since it led to legislation which prevented landowners such as Trinity from selling land. The legislation was amended in the 1850s as a result of the need for railway development, and relaxed further in 1964.

Mr Fairbrother believes the lengthy period in which the college was locked into its landholdings has left its mark on its investment strategy. "Colleges became expert at handling property," he said. Rather than trading their assets, they looked at ways of adding value to them.

In the past 30 years, the College has enjoyed two spectacular successes in adding value to its agricultural land. Farmland bought in 1933 at Felixstowe was chosen as the site of a new port in 1968. Its deep water and its exclusion from the dock labour scheme ensured that it became Britain's largest container port. The port and its associated warehousing and industrial estate bring Trinity more than £1m in rent each year.

If Trinity's success at Felixstowe was in some respects a lucky break, the Cambridge Science Park is a considerable credit to the college.

The park, built on land acquired in 1440 by King's Hall, a predecessor of Trinity, was proposed in 1969, when a university committee argued there should be more science-based industry in Cambridge. The project, which began in 1973, covers 120 acres, of which 10 acres are undeveloped. It houses 80 companies, including contract researchers, venture capitalists and a wide range of technology-related businesses.

The park, which is the first, the largest and the most famous science park in the UK, is seen as a model of its kind, and has attracted visitors from more than 45 countries in the past 10 years.

Trinity is attempting to repeat the trick with its Eureka science and business park in Ashford, Kent, on farm land it bought in 1957. It has installed roads and established academic liason with the University of Kent and Wye College. Although Ashford is well placed for the rail link to the Continent, the proposed park is not as well-favoured as the Cambridge one. Success, if it happens, is a long way off.

Mr Fairbrother believes the rewards of working property assets justify their place in a long-term portfolio. Markets in property are imperfect, compared with those in equities, he notes. "It is much easier to add value by active management in property."

The Taurus project was blighted by misjudgment, mismanagement and neglect. **Richard Waters and Alan Cane** report

# Sudden death of a runaway bull

It was a form of collective madness. The City's biggest computer project, Taurus, cost hundreds of millions of pounds and kept computer departments in the financial industry busy for years. But just a week after it was killed off, no one in the City can think of any good reasons why it was being built at all.

"It was a case of widespread myopia," says one senior banker with a close involvement in the Taurus project.

"We should have stood back more and taken a broader look," says Patrick Mitford-Slade, chairman of the committee that devised the system.

A London Stock Exchange executive close to the project adds that the "uncritical acceptance of received wisdom" throughout the securities industry meant that, once started, the project acquired a life of its own.

Last week, the illusion was shattered. Peter Rawlins, the exchange's chief executive, called a halt to the project which was meant to automate the ownership and transfer of shareholdings.

He paid for the exchange's mismanagement of Taurus with his job; but the ramifications of the failure extend well beyond the badly battered and demoralised exchange. At issue, say executives inside and outside the exchange, is how the City reaches agreement on industry-wide issues. The short-term self-interest of particular groups helped to turn the Taurus project into a technologist's nightmare. Where is the leadership in the City to prevent the same thing happening again?

Extensive interviews with people close to the Taurus project reveal a sequence of misjudgment, mismanagement and neglect. No one was in overall charge of a project which was set to overturn the legal and regulatory foundations of the stock market, as well as its technological base. Most of the people closely associated with the system's conception admit to fundamental errors of judgment.

The full extent of the problems became clear to the stock exchange's board only last week – five years after the project started in earnest and more than a decade since it was first proposed. Taurus (which stands for the Transfer and Automated Registration of Uncertificated Stock) was conceived in the early 1980s, though it was the settlements crisis of 1987 that provided the real impetus to the system.

The idea of a "dematerialised" settlement system – in which share certificates were to be scrapped, and share transfers handled by book entry on computer – grew out of the exchange's successful Talisman project. In 1979, this batch-processing system had automated the settlement process between stock jobbers (the precursors of today's marketmakers).

By 1981, the exchange proposed extending the idea to the market as a whole. But its idea – a central computer to maintain all records of shareholdings – was rejected by the registrars who are paid to maintain share registers for listed companies, and who would have been put out of business by the development.

"It didn't occur to us that what we should have done is go to the Bank of England and say that there were too many conflicting interests

**Where is the leadership in the City to prevent this same thing from happening again?**

for us to handle," says a senior exchange executive from that time. "That was the basic failure."

This failure was to return to haunt the exchange six years later. By 1987, the sharp increase in the number of share transactions, due largely to the increase in trading by private investors of the new privatisation stocks, had clogged up brokers' back offices, leading to a settlements crisis.

The banks which had taken over many of the City's leading stockbroking firms a year before were appalled by what they found; to an industry accustomed to mass processing of routine financial transactions, the mess in the securities industry was shocking.

The exchange's response was to rekindle the idea of a central computer – only to run into the same objections from the registrars. It was at this stage that the Bank of England stepped in to try to promote an industry-wide solution. Pen Kent, a Bank associate director, backed the formation of the Siscot committee. Its brief was to hammer out a compromise which left no particular interest group in the securities industry worse off than before.

The idea was fatally flawed. War broke out on the Siscot committee as rival interest groups fought their corners. A number of concessions were made, all of which turned Taurus into a highly complex system. "This system wasn't designed to meet multiple objectives – it was simply trying to avoid clashing interests," is the conclusion of one member of the industry-wide Taurus monitoring group, set up in 1991 to review the project.

To complicate matters, the Department of Trade and Industry then imposed constraints on the system which added to the technical problems that were to follow. The key decisions were:

Siscot turned away from the idea of a central computer at the insistence of Alex Tweedie, then director of Barclays global securities services division and a member of the committee. The exchange also cooled to the idea, calculating that it would cost £60m to build such a large database. It would have required working close to the limits of the database technology of the time, although systems experts reject suggestions that it was outside the competence of the exchange's technical teams. They point out that airlines and the big banks have extensive experience of systems of this size.

Instead, Siscot proposed a series of distributed databases, linked together by a communications network, with the exchange acting as a "hub". Market intermediaries and service providers would then become "Taurus Account Controllers", each maintaining its own portion of the stock market.

Distributing databases, even today, is a complex task for experienced systems integrators. The exchange, without experience, was proposing to build a distributed database across 400 separate sites with a different combination of hardware and software at each site.

For many listed companies, concerned in the late 1980s that they might be the next victim in the UK's frenzied takeover boom, this posed a problem: if records of their shareholders were scattered across a number of databases, how could they tell who was buying their shares? The result was an arrangement for companies to be able to search throughout the system, adding to the complexity.

Private client stockbrokers argued that the nominee accounts in which all shareholdings would be held would prevent private shareholders from benefiting from the "perks" that go with some shareholdings and from receiving information from the companies they owned and voting at annual meetings. The result was a concession that investors would still be able to have their names on a company's share register, rather than simply being pooled together with others in a nominee account. This "name on register" concept was also backed by listed companies and the DTI.

John Redwood, then minister for City affairs at the DTI, pushed for the highest possible levels of investor protection from Taurus. This would have included a £100m compensation fund – which the securities industry could not find insurance backing for – and a hacker-proof communication system.

Full encryption (security coding) was added, increasing the cost and adding hugely to the complexity of construction and testing. The result was a system as secure as the government's Cheltenham communications centre: "Totally unnecessary," a consultant sniffed.

By this stage, the project was ballooning out of control and no one was in overall charge. This became clear during 1991, as the project became bogged down in protracted talks between the exchange and the DTI over the legal regulations that were to provide the framework for Taurus.

"It was a re-engineering of the legal and processing environment of share transactions between all parties in the industry. No one was managing this market project – the exchange was only concerned with getting its own system working," says a member of the Taurus monitoring group.

While the project was spiralling out of control, problems began to gather at its heart, in the exchange's central computer development. The malaise and constantly changing objectives in the project as a whole meant the exchange was trying to build its core computer system on sand. Just how weak the foundations were only became clear to the exchange's senior management in the past six weeks.

"There were no redeeming features," one computer specialist said, pointing out that the exchange had broken virtually every rule of computer project management during the five-year span of the project.

The errors which helped to consign Taurus to the scrapheap included:

● The lack of an underlying architecture or logical design. Discussions with a wide range of people involved in the project have revealed that the exchange never completed a full design for its computer system – even though it

**'Whenever part of Taurus was late it was always by three months. Never a few days, never a week'**

started industry-wide testing of some parts at the start of this year. The core part of the system was never built and was only scheduled for completion in the summer of this year – at the end, rather than the beginning, of the development.

A number of core functions, such as overnight reconciliation of shareholdings and the internal control procedures needed to ensure that the entire network could operate effectively, had been labelled "non-functioning requirements" and were not due to be built until later this year.

Building a complex computer system requires a firm foundation in the shape of an underlying design which sets out how and why the various elements of the system are expected to work together. There was no such overall design for Taurus; new elements were added on an apparently *ad hoc* basis.

"There was no operating architecture," says one person close to the project. "John [Watson] made no bones about it. He'd done it deliberately." Driven by a sense of urgency, and pressure from the securities industry, the project team was striving first to complete the parts of the system that communicated with brokers and others in the City.

A big error, in retrospect, was the decision to use as the heart of the new software a computer package developed by Vista Concepts of New York. The Vista product, a high-priced global custody system, is the market leader in its field and has an excellent reputation.

There are simple rules for using computer packages, however, just as there are for buying ready-made suits. Essentially, if extensive alterations are needed, it is better to go bespoke. Up to 70 per cent of the Vista package was being rewritten by separate teams working at the exchange in London and in New York. Communication was poor: "The London team never knew what they were getting from New York until it arrived," an exchange computer engineer said.

The problems were compounded by the constant redefining of the project requirements. The exchange paid £1m for the Vista package. Revisions to it were projected to cost a further £4m, but by the end the software had cost £14m and had still not been completed. Vista was hired on a "time and materials" contract rather than a fixed-price basis – an arrangement now attacked by several exchange board members.

A second error was to attempt to shackle the modern, on-line, all-singing, all-dancing Vista package to the 14-year-old Talisman software, used by the exchange to clear bargains: "You have to be careful with systems of that age. Much of the software is unique or obsolete and will not tolerate interference," according to one expert.

● Lack of effective project management. "Whenever part of Taurus was late," a systems engineer recalled thoughtfully, "it was always going to be delayed by three months. Never a few days, never a week, always three months. It was as if nobody really knew, but three months seemed enough time to put things right."

Large computer projects do not run themselves, anymore than buildings are erected without architectural drawings and instructions. Taurus was built nominally using a government rule-book or methodology called SSADM, which specifies the steps that should be followed in the design of large computer systems. It has been tried and tested on hundreds of computer projects. Following the procedures in SSADM gives a project a good chance of success. Yet it is clear that the Taurus team flouted the SSADM rules with abandon.

One expert said with horror: "They were still specifying the operational requirements of the system when they began testing – a cardinal sin." It was not entirely the fault of the Taurus team. The nature of the compromise solution hammered out in the early stages meant all the participants felt they had a right to demand changes, regardless of the project schedule.

● No quality control. Computer systems engineers have their work checked by independent consultants to ensure methodologies are being followed and quality standards adhered to. Nobody seems to have overseen Taurus.

Why was the project allowed to run on for so long with no one in overall control? The reason lies partly in the turmoil in the exchange in the past three years, and partly in the failure by the securities industry at large to take a

**'Nobody was brave enough to stand up and say, this system doesn't make sense'**

firmer grip on the project.

The heads of computer departments across the City were deeply embroiled in Taurus – and many moaned continually about the project – but few, if any, ever called for a big rethink. "Nobody was brave enough to stand up and say, this doesn't make sense," says a member of the Taurus monitoring group.

Among those with responsibility for overseeing the project were:

● The exchange's settlements board, led by Rod Margree, an executive from Barclays. Margree was brought in on secondment in early 1990 after Rawlins told John Quinton, then chairman of Barclays, that the banks should become more involved.

This was because dematerialisation under Taurus was intended as the first step towards two other important objectives, both of which needed the closer involvement of the banking industry – rolling settlement (when all transactions are settled a set number of days after they take place) and "delivery versus payment" (or DVP – the exchange of shares for cash, which requires the integration of stock and cash clearing systems).

The settlements board was disbanded by Rawlins in 1992, along with the other independent management boards he had set up in 1990, and Margree left the exchange in August 1992.

● The Taurus monitoring group, under Ian Cormack, head of the financial institutions group at Citibank. Cormack's group included people with extensive experience of technology projects in the securities industry, including Mike Jones of Capel Cure Myers and Rab Harley of Kleinwort Benson.

The monitoring group met for just one and a half hours a month, too little time to get deeply involved in such a complex project. The group expressed its concerns in recent months to Watson and his project team. One member recalls: "They [the project team] said it couldn't be done in the timescales – they didn't say it hadn't even been started."

● A committee of the stock exchange board, known as the Taurus Review Committee. Chaired by Peter Minchin of Lloyds Stockbrokers, the committee included John Kemp-Welch, joint senior partner of Cazenove, and Miles Rivett-Carnac, who was this week appointed chairman of Baring Securities. "The committee was only as good as the information it received," one of its members said. "The non-executive board members could not delve into the furthest corners of a project like this."

● A series of management consultancy firms pored over the project, though none expressed serious reservations until recently. Touche Ross had been brought in as a monitor for the project at the outset and helped to produce the cost estimates used to justify the project. Its role was ended by Rawlins in 1990, who decided that the job done by the external monitors could equally well be done by the exchange's management.

Coopers & Lybrand supplied 18 staff on secondment to the project, led by Watson. In the summer of 1991, when the concern of senior exchange management was first aroused, Coopers was asked to complete a review of the project. Its advice: that Taurus could still be completed, with some management changes.

Senior partner Brandon Gough was also involved in discussions with the exchange at that time – although Coopers now says that it never had any direct involvement in the project, but was simply supplying consultants to work under exchange supervision. In the spring of 1990, Coopers made Watson a partner.

Stewart Senior, another Coopers consultant, was brought in to run the technical side of the project at the start of this year. He advised the series of tests under way should be suspended until the core of the exchange's computer system was completed, a process which would take at least 15 months. It was this information that finally persuaded Rawlins to end the project.

Ernst & Young was appointed to report to the DTI (and, later, the Treasury) when the project was completed, to enable the government to allow officially the system to go "live". It is thought to have had reservations about the project for some time, though these were first expressed to the exchange only in mid-February.

Concerns were first reported by an outside consultancy firm last autumn, when Andersen Consulting – which would eventually have been required to run the settlements system – was asked to review the project. It was this review that revealed that there was no overall architecture for the Taurus system.

● The exchange's senior management failed to take firm control of the project. Between early 1990 – when he set up the settlement board – and the summer of 1991, Rawlins appears to have taken no interest in Taurus, which was to cost his organisation £75m.

A member of the monitoring group recalls: "There were times when Peter seemed very half-hearted about the whole project." When he finally took a closer involvement, 18 months ago, Rawlins reviewed the project and decided to go ahead, rather than scrap it at that stage.

When the recriminations have died down, the City will still be left with the same problem it faced in the early 1980s: how to build a modern stock market settlement system. For at least two reasons, the answer could be easier to find this time around.

First, the trauma of Taurus is likely to make the various interest groups in the City more conciliatory on the future development. However, the sound of axes being ground is already being heard again in the City: custodians and registrars arguing against a central registry, listed companies pushing for greater visibility in their share registers, and private client brokers saying that small investors should not suffer.

Second, the need for a system as complex as Taurus has disappeared. The back offices of banks and securities houses have been overhauled in recent years (much of the cost was incurred to prepare for Taurus), and market settlement now runs far more efficiently. More private clients' shares are held in nominees, reducing paperwork.

Also, share trading volumes have not risen inexorably (as expected after Big Bang), making a second settlement crisis a distant fear. The next push, say custodians, institutional investors and brokers, should be towards rolling settlement and DVP.

However, the City must still find a new way to reach consensus on important projects which are for the good of the financial industry as a whole. Rawlins will not comment on the history of Taurus. But, looking forward, he says: "There is a real City management problem here. It could happen again and will happen again."

**THE MEN IN THE RING**

Many employers appear opposed to recruiting older staff, write **Diane Summers and Catherine Milton**

# On the shelf at 45

"MY NAME IS DORIAN GRAY AND I WANT A JOB."


Anyone born much before 1950 is battling against stiff odds in the UK jobs market. In some sectors even those born in the early 1960s are running into trouble.

Evidence of widespread opposition by employers to recruiting older staff came this week, with the publication of a survey of job advertisements by the independent research group Industrial Relations Services. It found that almost a third of advertisers specified an age bar, an increase from a quarter four years ago. Of those that stated a preference, four out of five wanted someone under the age of 45.

A newspaper advertisement by financial services company Laurentian Milldon this week is not untypical. Advertising a sales job, it begins: "Are you aged 24-36, ambitious, energetic, a good communicator?" It finishes a touch unconvincingly: "We are an equal opportunity employer."

Ageism is against the law in the US – but unlike racism and sexism it is not outlawed in job selection in the UK. Inquiries by the FT this week confirm the cult of youth is on the rise in most sectors and at most levels within UK companies.

Cost is the most obvious incentive for hiring younger employees, although Marc Thompson, research fellow at Sussex University's Institute of Manpower Studies, sees pay as less of a reason these days for going for the under 45s. Performance-based pay systems are taking over from age-based ones in many companies, he says. Thompson's research shows many objections to older workers – such as the fear that any pay-back period on training will be too short for older recruits – are not grounded in fact. Older employees may be better timekeepers, take less time off and stay longer in their jobs.

Clearly not everyone is convinced. Jerry Turner from Laurentian Milldon says: "By and large, 24-36 is the client base age range they'll be selling to – there's generally an affinity between people of a common age. Also, I hate to say this, but people above that age don't have the bottle for the job."

Older middle managers are also liable to be cold-shouldered. The publishing company Cornhill Publications believes that in general older managers do not fit in with its young culture. Cornhill employs about 130 staff, mainly in telesales. Most managers are in their mid-20s to early 30s. Simone Kesseler, aged 30, Cornhill's business development director, said: "It really isn't a conscious rule, it's not really set in stone. It just happens that this is the kind of business that attracts young people and they perform better in this environment."

Not surprisingly, the same attitude is prevalent in the computer industry and in City dealing rooms. "It is *de rigueur* that people recruited in the derivatives industry are not only sub-45, but sub-35," said Roger Steare, a director of Jonathan Wren, the city recruitment consultancy. Given that the derivatives market only got going in the last 10 years, the oldest of them are in their mid-30s.

In banking, too, there may have even been a slight decrease in the average age of staff. "Firms are prepared to buy a little less experience to save a little money," says Steare.

He knows of cases where staff in their early 40s had been "made redundant" and replaced by people five years younger and cheaper.

IT companies and recruitment agencies deny they are discriminating against age *per se*. Russell Clements, director of the IT recruitment consultants Computer Futures, admits that advertisements often carry age specifications. However, he stresses this only occurs when the company actually demands it. He adds: "When it's specified it reflects a degree of honesty."

In the case of a maximum age limit, he adds, what is at stake is technical know-how. The older ex-managers who fail to get basic computing jobs they apply for are, he says, unreasonable to assume that age requirements were the only factor. "Age gets used as an excuse. It is very difficult to separate the fact that those people who are older often don't have the right experience."

Age bars are often explicit in secretarial jobs. Debra Allcock, head of the Industrial Society's secretarial development programme, is a former secretary and has seen "time and time again, those who are 40-plus having a lot more difficulty getting jobs, even if they are highly skilled". The very senior secretaries working for chairmen and chief executives, may be older, she says: "But middle managers will often go for very young, glamorous secretaries, particularly if they are recruiting themselves. It happens less often if personnel departments are appointing."

In a recent issue of the London Evening Standard, Centre Point Bureau had three advertisements for secretarial staff, one specifying an age of 20-24, the second for a 20-23-year-old, and the third for someone aged 24-28. The reason for stating the age required, said the agency, is that: "Age depicts salary and the style of the department you're going in to." On another occasion they could equally have been looking for older secretaries, says the bureau.

Reed employment agencies offers a 50 per cent discount on their fee to employers taking on workers aged over 50. "It's not that we think older workers are worth less. But we had been coming up against companies who were saying they didn't want to consider the CVs of anyone over 50," says the company.

It is not all bad news, however. Occasionally, the tables will be turned and the older employee will find herself positively sought after. Wine merchants Corney and Barrow recently advertising for "a paragon to fill the enormous gap which will arise when our telephonist/receptionist/clerical assistant retires in May". The advertisement added: "Preference will be given to mature applicants."

Chris Trott, aged 58, a senior executive at Chusid Lander, the career consultancy, believes employers are becoming more sympathetic to the idea of the middle-aged manager.

"On the whole 'management' is becoming younger and younger. My impression is, however, that a lot of employers have found they have discarded a lot of experience as they discarded older people."

*Additional reporting by Gillian Tett and Tracy Corrigan.*

## Christopher Lorenz

# The transnational's identity crisis

POWERFUL new management concepts tend to go through a natural but unfortunate cycle. At first they are applied with care by an informed minority. But then, as word spreads, they are seized upon with abandon and taken to extremes, often becoming distorted.

So if the progenitors of a concept want to stop their brainchild getting a bad name, they need to take corrective action rapidly.

With its famous but overworked "cash cow" portfolio planning matrix in the 1970s, the Boston Consulting Group acted several years too late. But in the mid-1980s, with his gospel of the "globalisation of markets" and products still freshly minted, Harvard's Theodore Levitt was much quicker to correct the exaggeration of his disciples – including the Saatchi brothers – about the "homogenisation" of everything.

Now nearly as rapid remedial action has been taken by one of the fathers of the most powerful current concept of global organisation: that of the "transnational" company, otherwise known as the "globally integrated network" or, more loosely, the "global web".

All three names are equally ungainly. But the concept has caught hold rapidly. Companies as different as Unilever, IBM, Monsanto, SKF and – more tentatively, Sony and Honda – have started to embrace it as superior both to the sort of centralised "global" structure of most Japanese and some American enterprises, and to the much looser "multinational" typified in the past by many European companies – including Unilever.

Far-sighted government advisers have also seized upon the "transnational" as the most likely form of international company with which they will have to negotiate in the 21st century.

The trouble is that other companies and some academics – notably Robert Reich, an influential Harvard economics professor who is now a member of President Clinton's cabinet – have taken the concept too far, claiming that it is becoming the only way for every large international company to organise itself in the future, irrespective of its industrial or market context.

Put simply – though the whole point of such organisations is that they need to be far from simple – a "transnational" is a company which shares internal power between its units around the world, instead of continuing to hog it all to its home country.

Like many companies these days, a transnational implements the fashionable process of "global localisation": it disperses around the world not only its local sales and distribution, and some manufacturing, but also a degree of research, design and development.

But it goes much further than that. It neither controls all these

**The 'transnational' is not the simple, all-purpose animal which some powerful people seem to think**

activities rigidly from its home country, as "global" companies do, nor does it allow each national or regional operation virtual independence, as in a traditional European "multinational". Instead, it disperses some of the global control over these activities.

This is usually done for individual product divisions – as with Monsanto's shift of its global resins headquarters from Missouri to Belgium, or IBM's move of its network systems business to Britain. But some companies, such as ABB, also operate part of their group head office in this fashion.

Within transnationals, almost no two divisions are organised in the same way; thus Unilever's detergents business is now much more centralised than foods.

The purpose of such a highly differentiated structure is for each division and product line to gain the best of two worlds: the economies of scale to be achieved through what academics call "global integration"; and the apparently contrary pressures for maximum responsiveness to differences in national markets. The ideal balance between these pressures varies between industries, divisions and even between product lines in one division.

The complexity of this concept is its advantage, in other words. But it is also its drawback, especially when managers or academics try to apply it to companies operating in less complex industries and markets than the likes of Unilever and Monsanto. Robert Reich is a prime offender: his mistaken advocacy of the "global web" as a universal panacea has fuelled criticism of the whole idea.

Hence a thorough corrective in the latest Sloan Management Review* from Sumantra Ghoshal, a professor at Insead in France who created the "transnational" concept with Christopher Bartlett, a Harvard professor.

Far from advocating the transnational structure as a universal solution, says Ghoshal, they have argued repeatedly that it should be used only by companies operating in highly complex business environments, where "global", "multinational" and "local" structures are inappropriate.

Transnationals tend to be best suited to industries such as computers, telecommunications, cars and pharmaceuticals and photographic equipment, he suggests. They are least suitable in metals, textiles, printing and publishing.

Just as one company can suffer from too simple an organisation if it is in a complex and turbulent environment, another "can pay an efficiency penalty for adopting an organisation too complex for its environmental demands", continues Ghoshal. Organisational complexity is costly and difficult to manage, he admits and companies must simplify wherever they can.

The article gives plenty of practical advice on this. With a myriad of matrices and circle diagrams, it is not an easy read. But nor is the "transnational" the simple, all-purpose animal which some powerful people seem to think.

* *Horses for Courses. Co-authored with Nitin Nohria. SMR Winter 1993. Reprint 3422. Fax (USA) 617-253-5584.*



# PEOPLE

## Cadbury Schweppes picks again from family pack

After a four-year gap there will soon be a Cadbury back in the chairman's seat at Cadbury Schweppes, the confectionery and soft drinks firm. Dominic Cadbury, the 52-year-old chief executive, will take over as executive chairman from Sir Graham Day in May.

Cadbury, who joined the family firm five years before its 1969 merger with Schweppes, has been chief executive since 1984, and is following his father, grandfather and great-grandfather, as well as his brother, Sir Adrian Cadbury, into the chairman's office.

Although Cadbury Schweppes is no longer a family firm, and Dominic Cadbury's stake in the business is small, his elevation to the chairmanship could raise a few eyebrows.

Unlike Sir Graham Day, who turns 60 in May, Dominic Cadbury will be an executive chairman and will have a group chief executive, David Wellings, 52, who has been running the confectionary business since 1989.

However, Cadbury says that the two jobs are quite different. "As chief executive I would be seen as very much a hands-on businessman, I would not expect to be that as chairman."

David Wellings will be the "ultimate decision maker, it would not work otherwise".

As a full-time chairman, Cadbury expects to help share the heavy travelling and presentational burdens which fall on a ceo's shoulders.

Wellings has spent less time at the top of Cadbury Schweppes than Frank Swann and Derek Williams, two other contenders for the ceo's job.

Having started his career with Cadbury Brothers in 1962, he spent 18 years outside the group before rejoining in 1956 as managing director of Cadbury in the UK.

David Lang, Henderson Crosthwaite's long-time Cadbury-watcher, is slightly surprised at the timing of Dominic Cadbury's promotion but believes that it is well-earned, nonetheless.

"He took over a company that was running out of gas and had serious problems in North America. He has reshaped it and fought off an unwelcome predator."

Despite the family connections, Lang describes Cadbury as a "good team player" who has surrounded himself with "successful people".

## Riddell for Invesco

"Some people say you should never go back," says Norman Riddell, "but it worked well for me once before."

The new 45-year-old chief executive of Invesco MIM's UK and European operations, replacing Nicholas Johnson who resigned over policy differences in December, is an old Britannia hand himself.

He left in 1986, before the link-up with MIM and Invesco, but will still recognise one or two faces on the board of the now much-enlarged fund management group, notably Lord Rippon, one-time Britannia Arrow Holdings chairman.

But the first time he returned to familiar territory was in 1987 when he set up Capital House Investment Management for the Royal Bank of Scotland, his first employer when he left school.

Riddell says he had already achieved a lot at Capital House, where he started as the first employee shortly before the 1987 crash.

Funds of £1.4bn have now grown to £4.4bn – still, however, nowhere near critical mass for a competitive fund management business.

"In a sense the fun part starts now – Capital won its first £100m account only last week."

But apparently the Invesco job, "coming out of the blue", was too good to resist. Despite the blight on the UK business, including the Maxwell involvement as well as a long-running investigation by the self-regulatory body Imro, he is attracted by a bigger company and "a more global business".

Invesco manages £40bn of assets worldwide, although only £7bn fall in Riddell's new area.

He thinks he will get on well with his bosses in Atlanta, Georgia, despite the unpromising first approach by chief executive Charles Brady which took place over an 8am breakfast – on a Saturday. And he tries to appear unconcerned by the Imro investigation: "There are risks inherent in any new position."

While the Royal Bank has sold its merchant banking arm Charterhouse, he stresses there are no such plans for Capital House.

Paul Field, 47, currently managing director of the retail operations at Capital, was yesterday named as his successor.

■ **Kenneth Jackson**, group md of Carbo which was acquired by Hopkinsons in 1991, has been appointed group md and chief executive of HOPKINSONS GROUP on the resignation of Brian Fuller.

■ **Andrew Simon**, formerly chairman of Evode, has been appointed to the LAPORTE board.

■ **Nicholas Saphir**, chairman and chief executive of Hunter Saphir, has been appointed to the board of ALBERT FISHER GROUP following its takeover of Hunter Saphir.

■ **Bryan Davies** has been promoted md of PIRELLI CABLES in succession to Fernando Gonzalez who becomes the European manager of the communication cables business.

■ **Mel Williams**, a former md of British Airways Cargo, has been appointed md of Wightlink, part of SEA CONTAINERS.

## Goold quits Whitecroft after 24 years

After 24 years with the company, the last two as executive chairman, Peter Goold is to leave the board of Whitecroft, the mini-conglomerate, next Monday.

Since 1990 profits, the share price, dividends and payrolls have tumbled as the Wilmslow-based group restructured to survive the recession, after being caught badly exposed in property markets.

David Kendall, chairman of Bunzl, will succeed Goold in a non-executive capacity. Mike Derbyshire – a former Norcros senior manager brought in by Goold as managing director a year ago – will step up to chief executive. Martyn Ellis joined as finance director a few weeks ago.

Goold, 49, became chairman in 1990, with property prices tumbling and Whitecroft overgeared. In the 1980s, the group had developed medium-sized or smaller complexes of shops and offices, mainly in the Thames Valley, and had gone into house building.

But it has since disengaged from property, house-building, double-glazing, conservatories and engineering. The workforce has been cut from more than 3,000 when Goold became chairman to about 1,930 now, and Whitecroft is down to four sound or promising businesses – lighting for factories and offices, medical cotton fibre, specialised textiles and fire-resistant doors.

Goold developed a strategy of warning the City of bad news a week or so in advance to minimise impact.

When Wriddinghitecroft finally fell into loss – on its interims to last September – this was mitigated by being slightly less than he had led investors to fear.

The share price, however, has been sliding for some time – tumbling last year from 131p to 72p in a few days. It closed 1½p higher yesterday at 38p.

Theatre

# The Comedy of Errors

Like it or loathe it, director Gerard Stembridge's attack on Shakespeare on the stage of Ireland's National Theatre is too savage to be ignored. I loathed it.

The Abbey has not had a shot at Shakespeare since 1984. In Stembridge they have chosen a director who is best known for television satire and recently produced a witty and polished version of Haydn's *La vera costanza*. His *Comedy of Errors* is set in country-and-western mode, the women sub-Dolly Partons in sequins and diamanté, the male leads in cheap singing-cowboy suits. The set, by Monica Frawley (who also designed the costumes) and Joanna Taylor is a sickly shade of deep pink, and features a clapped-out Mini. The alley of small shops, brothel and hotel would be ideal for one of Tennessee Williams's seedier plays.

This is one of Shakespeare's early and lesser comedies, featuring two sets of twins, the gentlemen Antipholus and their servants Dromio, and a convoluted series of mistaken identities. The verse is not Shakespeare's best, but it does occasionally sparkle, and there is more to the play in terms of intellectual content than is sometimes acknowledged. Because the plot is so far-fatched it must be played at a cracking pace, and this at least the Abbey cast achieve.

It is a play that lends itself to exuberant expressions of fun. A Stratford production as far back as 1938 used song and ballet to fend off tedium, and costumes from a mixture of periods. So when the Abbey actors reach for a microphone and croon their couplets to a country music waltz they are within a recognisable tradition. The trouble is that whether spoken or sung, the lines are garbled, delivered in such strangulated tones that they are well nigh incomprehensible. The blame does not lie in the mix of Irish and American accents. The problem is that, with the shining exception of Aidan McArdle's Dromio, nobody seems to have the faintest idea how to speak blank verse.

Not surprisingly then, with this disregarded for words, the higher concerns of the play, its exploration of identity, are lost, and what remains is slapstick and farce. The servant twins, Dromio, steal the play from their masters, Mikael Murfi showing himself as a consummate clown, with Aidan McArdle keeping pace.

The problem with the production is one of pitch. It is not necessary to have recourse to the vulgarity of the country music scene and crude visual jokes (chain saws in place of drawn swords for example) to prove that Shakespeare is not stuffy and boring. To choose the tattiest culture available as a way of making Shakespeare palatable to a new audience is ultimately condescending and insulting. He is not *that* difficult, but anyone unlucky enough to be introduced to Shakespeare by this production will be baffled as to how he got his reputation.

**Alannah Hopkin**

*At the Abbey Theatre, Dublin*

# Moved by the Greek miracle

**Patricia Morison** admires the exhibition currently in New York

Forty years ago, E.R. Dodds began his wonderful book, *The Greeks and the Irrational* with an encounter in front of the Elgin marbles. A young man accosted him and said, "I know it's an awful thing to confess, but this Greek stuff doesn't move me one bit... It's all so terribly rational, if you know what I mean."

These days, people are quite unembarrassed about admitting that Dead White Marbles leave them cold. On the one hand, mass tourism allows millions of people to experience Greek art in its homeland. A frenzy of excitement greeted the 1972 discovery of the Riace bronzes, fished from the sea off Italy. On the other hand, without a beach close at hand, many people find Greek art less appetising.

The Greeks have lost their supremacy. Seemingly timeless masterpieces such as the Apollo Belvedere and Venus de Milo are now widely known to be copies made some four centuries later than the lost originals. Tutenkamen's magic appeals far more widely than the sculpture which enraptured Winckelmann and his followers.

Into this complicated picture, there comes an extraordinary exhibition. *The Greek Miracle. Classical Sculpture from the Dawn of Democracy. The Fifth Century BC*, has brought together some 40 sculptures, none of them Roman copies. First seen in Washington, the show has now moved to New York, to the naturally lit spaces of the Metropolitan Museum's Robert Lehmann Wing.

The Greeks have lent 22 objects, of which 20 have never been seen outside Greece. Among them are works shown in every textbook on the origins of western art. Here you will find the "Kritios Boy", the tombstone of the daughter of Hegeso, "Hercules carrying the Heavens" from the Temple of Zeus at Olympia. Young Athenian nobles gallop on a severely eroded fragment of the Parthenon frieze. From the Temple of Victory on the Acropolis there survives the exquisitely graceful relief of the winged goddess of victory loosening her sandal.

Other museums have contributed pieces such as the beautiful Chatsworth Apollo from the British Museum. A life-size marble statue of Theseus, crouching in combat against an Amazonian, was dug up only 60 years ago in Rome, where it was probably taken as loot by Emperor Augustus. He is frequently not on view in the Capitoline Museum; this show represents a chance not only to contemplate him, but to escape the baking misery of queues for Greek museums in the tourist season.

In New York, the show has been enriched by more objects from the Met and lent by private owners. One such is a magnificent water-jar presented to the goddess Hera in gratitude for victory in the games. Greek theatre and Greek cultural expansion are evoked by a silver stag's head drinking-cup, one of the famous rhytons from the Black Sea region. The figures around its rim have been explained as a scene from the play *Philoktetes*.

Memorable above all is the Met's particular *coup de théâtre*. The first exhibit is a pink, life-size statue of a youth, a kouros of around 600 BC, from the Met's collection. Its rigid frontality, the scrolling lines of its stylised muscles, are the work of an artist still trained in the Egyptian way of representing the human form. One foot is extended, but there is no illusion of movement.

Behind there stands another kouros, one of a dozen found at the Temple of Apollo on Mount Ptōn. It was made only 80 years later and yet a great change has taken place. He is softer and suppler, the muscles seeming to swell beneath the skin. His face, however, is still Oriental, flat-cheeked and framed in stiff loops of curls.

Next in this revelatory line-up comes the "Kritios Boy" of about 480BC, found on the Acropolis. If he does indeed represent the divine Theseus, then it is not hard to imagine Athenians worshipping such an uncannily beautiful image. The show tries to remind us that Greek sculptures were once brightly painted and inlaid, with gleaming weapons, jewellery, and locks of bronze hair. The "Kritios Boy" would have had "real" eyes, like the little bronze head which shares the inset eyes, eyelashes, and lips of the famous Charioteer of Delphi.

The "Kritios Boy" really does appear about to walk. His spine is curved and one beautiful buttock droops in the *contrapposto* pose which Greek art bequeathed to artists of the Renaissance. Here, then, is the Greek miracle, that in one century of experimentation, craftsmen had learned to fashion images of such dazzling naturalism.

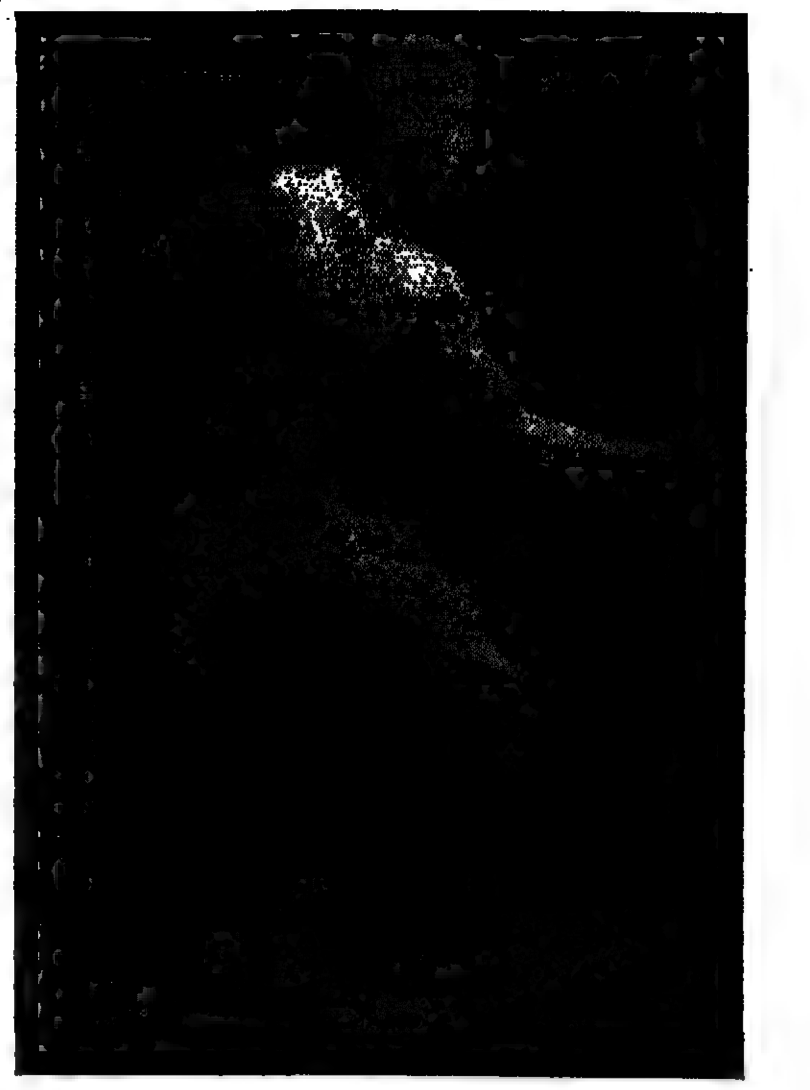
But, perhaps unwisely, the phrase "Greek Miracle" does not stand alone in the show's title. It is hitched to the 2,500th anniversary of the birth of democracy in Athens, ushered in by the reforms of Cleisthenes in 508BC. President Mitsotakis writes, "Although we take [democracy] for granted in our time... only in ancient Athens and in the United States has democracy lasted as long as two centuries on a continuing basis." He overlooks, as many people do, the oligarchic interludes. However, the point is that this show marks a warm point in US-Greek relations.

There may never have been such an ambitious cultural exchange. At the National Gallery in Athens, the Greeks are able to feast their eyes on *From El Greco to Cézanne*. The 72 masterpieces from the Met and the National Gallery in Washington include paintings by Veronese, Caravaggio, Vermeer, Goya, Rubens, Rembrandt, Van Dyck, Manet, Gauguin and Degas.

The problem with talk about democracy is that it sends up a flurry of familiar questions. What exactly had the art of Greece's Golden Age to do with democracy? Would such a massive production of cast bronzes and polished marbles have been possible without slave labour? Athenian democracy excluded not just slaves but women, too. Moreover, Pericles could never have boasted about the glory of Athenian art without imperial wealth raked in by a ruthless foreign policy.

An article in *The New York Review of Books* took a scornful view of what it called the historical naiveté underlying this show. As far as the unimpressive catalogue is concerned, this is justified. The introduction by Nicolas Gage (author of tear-jerking best-seller *Eleni*), is positively comic. Victorian sentiment meets New Age-ism in gush about Attica's austere landscape where "men reached a level of excellence that has remained an inspiration for mankind, the mind and spirit in equilibrium as never before or since."

But these objects are presented first and foremost as an aesthetic experience, an alluring vision of a Golden Age which produced art of the utmost refinement, strength and grace. We respond to images which seem to speak of a people who valued friendship, family and horses. Sons greet their fathers in the afterlife with a gentlemanly handclasp. The gravestone of a little girl kissing her pet turtle-dove speaks as winningly now as two centuries ago when it was unearthed and taken for an English nobleman's collection. Ktesilaos and Theano gaze at each other with unfathomable gestures, although the temptation is to read it as an image of devoted married love.



Marble statue, perhaps of Theseus, 450-425 B.C.

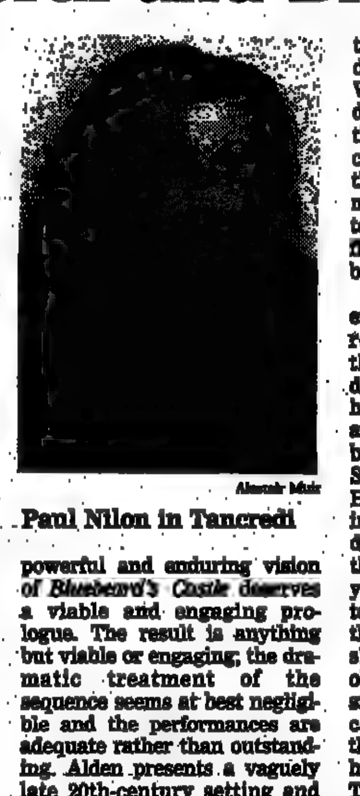
Meanwhile, scholars continue to wrangle over what exactly was the nature of Greek pederasty. Is it an accident that there is not a single erect image either on view or in the catalogue, nor even a reference to the Greeks' uniquely tolerant attitude towards homosexuality? Perhaps this has something to do with the seal of official approval. What we now enjoy in the cool daylight of New York, is an unforgettable presentation of those eminently rational, miraculously talented Greeks.

*The Greek Miracle* continues until May 23. *From El Greco to Cézanne*, at the National Gallery in Athens until April 11. Sponsor of both exhibitions is Philip Morris Companies Inc

Opera double-bill/**Andrew Clements**

# Monteverdi and Bluebeard

The ideal opera-house pairing for *Bluebeard's Castle* is surely mere Bartók – one of the ballets, either *The Wooden Prince* (with which *Bluebeard* was coupled at its premiere) or *The Miraculous Mandarin*, which explores similar themes of sexual dependency. For a company like English National Opera without a resident ballet the choice becomes more difficult: Schoenberg's monodrama *Erwartung*, instant box-office death, has been tried in the past, and when David Alden's finely disciplined and severe production of *Bluebeard* first appeared at the Coliseum two years ago it followed a bilious version of Stravinsky's *Oedipus Rex*.



Alastair Muir

Paul Nilon in Tancredi

For the revival *Oedipus* has mercifully been abandoned, replaced by a Monteverdi confection based upon *The Duel of Tancredi and Clorinda*, that vivid, unclassifiable theatre piece published in the Eighth Book of Madrigals in 1638. At its performance in Venice 14 years earlier, *Tancredi and Clorinda* was prefaced by a group of Monteverdi's songs and madrigals, and the same plan is followed at the Coliseum: five numbers, written in the 1620s and '30s and all sung in Anne Ridler's neat, witty translations, have been integrated into a single dramatic package by Alden and his designer Nigel Lowery.

One wishes the scheme had worked musically or dramatically, for such an undeniably powerful and enduring vision of *Bluebeard's Castle* deserves a viable and engaging prologue. The result is anything but viable or engaging; the dramatic treatment of the sequence seems at best negligible and the performances are adequate rather than outstanding. Alden presents a vaguely late 20th-century setting and concocts an equally tenuous ritual involving three singers in which the explicit musical confrontation of *Tancredi* attempts to crystallise the tensions set up so self-consciously during the madrigal sequence.

Paul Nilon, kitted out in some decidedly unbecoming long shorts, is the *Tancredi* narrator, Christopher Ventris and Patricia Rozario the protagonists; Harry Bicket conducts an on-stage ensemble. While all sang and played decently enough, there was little sense of period style or lyrical intensity or any feeling that there was any dramatic, musical or psychological point to be made, only the need to fill 50 minutes before the main business of the evening.

The Bartók at least fulfilled expectations. The production remains a triumph, even though Adam Fischer's handling of the score does not have quite the telling intensity and radiance that Mark Elder brought to it first time around. Sally Burgess and Gwynne Howell repeat their roles; both in their different ways have developed and strengthened them. Howell's Bluebeard is yet more desperate, more impotent; brute power is clearly all that is left within his human shell. Burgess's Judith is obsessively fixed on self-destruction, unable to resist the compulsion to know everything and so dominate her new husband the more completely. The clarity of their singing is exemplary. There is a new narrator, Imogen Claire, who delivers the spoken prologue rather more archly than her predecessor, but then Alden's fussy handling of the fore-play is the only miscalculation in what remains a spell-binding piece of stage craft.

*London Coliseum; further performances until April 7*

Concert/**Richard Fairman**

# Festival of Britten with the Nash

The Nash Ensemble's programme in the Festival of Britten may have looked like a filler, but it certainly did not feel lightweight in the event. Rather than relax when they approached small-scale works, both Britten and Shostakovich were as likely just to compress serious thoughts into a more concentrated space.

The only joviality on Tuesday at the Barbican Hall came at the beginning. In 1939 Britten supplied incidental music for a BBC radio adaptation of T.H.White's *The Sword in the Stone*. The music must have been long forgotten by the time two present-day composers, Oliver Knussen and Colin Matthews, dug it out to compile a suite ten years ago, but it was a minor piece of archaeology worth undertaking.

This is in no way a great score, not even important; but it is difficult to escape the feeling that Britten was actually enjoying himself. The cock-a-snook parody of famous motifs from Wagner is amusing given the book (the film score to *Excalibur* hit upon the same idea without the laughs) and there is enjoyment, too, in his use of the chamber ensemble. At this point in his career there was no keeping Britten's inventiveness down.

The other Britten piece came from the end of his life: *Phaedra*, the solo cantata written for Janet Baker, when the composer's energies could not stretch to the opera which was her due. Its intensity, compressing Phaedra's life experience into 15 minutes, was perfectly conceived for the work's creator; less so perhaps for Jean Rigby, although her fine vocal dignity and sense of deep emotion honestly conveyed brought their own rewards.

One problem was the need for clearer words, as earlier in Shostakovich's Seven Romances on poems by Alexander Blok. (The Barbican is a difficult venue for intimate works.) Joan Rodgers was the soprano in the Shostakovich, not demanding attention as Vishnevskaya used to, but seducing the listener with more suppliant tone. The music seemed here less hard, less uncompromising than before; it is in any case not the composer's most memorable.

As always, the Nash Ensemble deserves praise, both for its playing and the imaginative programming. Trios by Debussy and Ravel, familiar Nash territory, completed a generous evening's music, but how diffuse seemed the Debussy, how uncharacteristically magniloquent the Ravel, in comparison.

Recital/**David Murray**

# Marc Laforet

This pianist, Paris-born but "of Russian descent", was Silver Medallist at the 1985 Chopin Competition in Warsaw, when he was 18. The programme for his Wigmore Hall début on Wednesday was all Chopin, no doubt like a great many of his recital-programmes since Warsaw. On the Wigmore evidence, Laforet is plainly a good Chopinian at heart – but his execution slides too easily now into fulsome routine. A personal moratorium on Chopin for a couple of years might pay inspiriting dividends for him.

He may not have done himself justice in the Wigmore. His keyboard attack was scaled to a much larger auditorium: though he never pounded, one soon felt starved for some real *pianissimo*, which never came. Every tune was plonkingly set out – with affection, certainly, but with a forthright insistence that became tiresome; and often it submerged the ever-fresh delights of Chopin's figuration.

So did a heavy hand in the bass, compounded with Laforet's penchant for the sustaining pedal (before long one felt starved for some clean, *dry* sounds too). In several of the 24 Preludes op. 28, the dense lower resonances swallowed up anything ingenious that he might have been doing in the treble range. Yet his left hand could scamper through the semiquavers of the Prelude in G without pedal-feints, to bright, springy effect; we wanted much more of that. In the event the marvellous variety of the Preludes was severely shrunken. He did strike a vein of live drama for the very last prelude, but it came too late.

If Laforet's actual playing sounded too much of an orotund muchness, there was no mistaking his sympathetic grasp of Chopin's dramatic structures. He knows very well where their nodes are located; he never failed to signal crucial contrasts and turning-points. All that we missed was spontaneity, fantasy, a sense of moment-to-moment re-creation. The B minor Sonata marked a low point, with every small section faithfully spelled out but no incisive larger trajectory, nor – in the Scherzo or the Finale – anything more than beta-plus brilliance.

Before that, he had fixed properly pungent characters for four of the Mazurkas (at Warsaw he won the special Mazurka Prize), though they came rather near to sounding like French *valses*. The most intriguing exhibit in Laforet's programme was his first, the A-flat Impromptu, in which he allowed himself a shamelessly wayward *rubato* of the most period-winsome kind, but *knowing*. That sounded like the real thing.

INTERNATIONAL ARTS GUIDE

**Next month sees the reopening of Villa Favorita in Lugano after an 18-month transformation masterminded by Francesca Thyssen-Bornemisza, daughter of the baron whose collection of Old Master paintings has been moved to Madrid. Her aim has been to maintain the position of Villa Favorita in the international art scene. Thirteen of the 20 rooms have been given over to a new permanent exhibition with the title Europe and America: 19th and 20th century Paintings and Watercolours from the Thyssen-Bornemisza Collection. Around 150 works, many of which previously hung in the bedrooms and bathrooms of the Thyssen homes and have not been exhibited previously, will be hung in galleries whose pre-war Germanic museum style has been replaced by cool modern tones of grey. American 19th century and impressionist landscapes make up the first two rooms. The exhibition continues into 20th century painting with the works of Futurism, the Cubist-Futurist Russians, American Cubism and on through the various transformations that this century's art has seen.**

**But anyone planning a visit would be well advised to wait until the opening of this summer's temporary exhibition - Khara Khoto: Treasures of the Buddhist civilisation of the Tangut Kingdom, between China and Tibet (June 25-Oct 31). It comprises 83 Buddhist paintings, sculptures and manuscripts from the 11th-12th centuries, found at the turn of the century by the Russian Imperial Geographical Society on the silk route in central Asia, and loaned by the Hermitage Museum in St Petersburg. It is the first time that these works will be shown as a group outside the Hermitage.**

**Villa Favorita is open on Fri, Sat and Sun only from April 2 to June 20, and daily except Mon from June 25 to October 31.**

## EXHIBITIONS GUIDE

**AMSTERDAM**
**Van Gogh Museum** Sickert. Ends May 31. French colour etchings from Pissarro to Picasso. Ends April 18. Daily
**Rijksmuseum** Art, Expertise and Trade. Ends May 2. Closed Mon
**BARCELONA**
**Fundacio Joan Miro** Wilfredo Lam: 60 paintings by the Cuban artist. Ends March 28. Closed Mon
**Museu Picasso** The Three-Cornered Hat: drawings and costumes documenting Picasso's work with Falla, Massine and Diaghilev in Barcelona in 1917-19. Ends April 25. Closed Mon (Carrer Montcada 15-19)
**BRUSSELS**
**Galerie KB** Bakelite, Beauty and Form: an exhibition devoted to the vast range of products made in the 1930s-1950s from Bakelite, the first totally synthetic plastic. Ends April 18 (Grand-Place)
**Musée d'Art moderne** Art in Belgium since 1980. Ends May 30. Closed Mon (Place Royale)
**Musées Royaux d'Art et d'Histoire** Splendour of the Sassanids. Ends April 25. Closed Mon
**CHICAGO**
**Art Institute** Magritte: 120 paintings, drawings and sculptures by the Belgian Surrealist. Ends May 30. Surrealist Works on Paper from the Shapiro Collection: 150 drawings by Ernst, Dali and others, plus a selection of late 19th century French prints and drawings. Ends May 16. Also Chagall: Moscow Jewish Theatre Murals. Ends May 10. Daily
**COLOGNE**
**Josef-Haubrich-Kunsthalle** Latin American Art of the 20th Century: 350 paintings and sculptures by artists from every country between Mexico and Chile. Ends April 25. Daily
**Museum Ludwig** Picasso: 180 works from the Ludwig Collection. Ends May 16. Closed Mon
**DUSSELDORF**
**Kunstsammlung Nordrhein-Westfalen** Pierre Bonnard: 64 paintings, 26 lithographs and a selection of photographs, examining the pivotal role of Bonnard in the art of the 20th century, the role of nature and observation in his work, and the use of traditional themes such as landscape, self-portrait, the nude and the still-life. Ends April 12. Closed Mon
**GENEVA**
**Centre d'art contemporain** Allan McCollum: 2400 sheets from his Drawings series. Ends Sep 12. Pieter Laurens Moll: drawings and photographs by the Dutch artist. Ends May 16
**Musée d'art et d'histoire** Egyptian Blue: glazed earthenware from ancient Egypt. Ends Sep 19. Closed Mon
**Petit Palais** Friedrich Karl Gotsch (1900-84): retrospective of the expressionist painter. Ends May 31. Closed Mon
**LONDON**
**Royal Academy of Arts** Georges Rouault: the early years 1903-20. Ends June 6. Also The Great Age of British Watercolours 1750-1880. Ends April 11. Daily
**Tate Gallery** Robert Ryman (b1930): 80 canvases and other works by the American Minimalist noted for his white paintings. Ends April 25. Daily
**Barbican** The Sixties: an exhibition covering all forms of art from an explosive era, including psychedelia, kinetic art, junk art. Ends June 13. Daily
**LOS ANGELES**
**County Museum of Art** The William S Paley Collection: 84 mainly intimate-scaled early modern paintings acquired by the late founder of CBS. Ends May 16. Also The Maurice Wertheim Collection: 43 representational works by artists including Degas, Monet, Renoir, van Gogh, Matisse and Gauguin. Ends April 25
**LUGANO**
**Villa Malpensata** Francis Bacon: four large and seven small triptychs and 50 other works by the British artist who died last year. The exhibition offers the first museum showing of Study from the Human Body (1991), Bacon's last completed painting, and includes the nearly complete reconstruction of his only polyptych, Study for a Pope I-VI (1961), as well as many early and rarely-seen works. Ends May 30
**NANCY**
**Musée des Beaux-Arts** Art in Lorraine 1892-1950. Ends April 18. Closed Tues
**NANTES**
**Musée des Beaux-Arts** The Russian Avant-Garde 1905-24. Ends April 18. Closed Tues
**NEW YORK**
**Museum of Modern Art** The Drawings of Joseph Beuys (1921-86): retrospective of the German artist whose radical ideas and art forms have never had much appeal for American taste. The exhibition brings together 200 works, including an installation of 100 blackboards. Ends May 4. Closed Wed.
**Guggenheim Museum** Osmosis: Ettore Spalleti's free-standing forms reminiscent of Minimalist sculpture, contrasted with Haim Steinbach's assemblages of everyday objects. Ends May 9. Photography in Contemporary German Art. Ends May 9. The main museum is closed on Thurs, the SoHo site on Tues
**Metropolitan Museum of Art** The Greek Miracle: classical sculpture from 5th century BC. Ends May 23. Also Honoré Daumier: 100 works by the 19th century French cartoonist and painter. Ends May 2. Imperial Painting of the Ming Dynasty: 100 works, mostly on silk, from the Zhe School. Ends May 9. Closed Mon
**Whitney Museum of American Art** 1993 Biennial, including latest work by Robert Gober, Cindy Sherman and many others. Ends June 13. Closed Mon
**PARIS**
**Centre Georges Pompidou** Matisse 1904-17. Ends June 21. Closed Tues
**Grand Palais** The Century of Titian. Ends June 14. Also Amenophis III: 150 exhibits from exquisite statuettes in ivory to two giant sphynxes bear witness to the refinement and mystery of Egyptian art at its zenith during the long and serene reign of the Sun King. Ends May 31. Closed Tues, late opening Wed (ave du General Eisenhower)
**Musée d'Orsay** 1893: The Europe of Painters. Ends May 23. Closed Mon, late opening Thurs (quai Anatole France)
**Louvre** French 17th Century Drawings. Ends April 26 (Pavillon de Flore). Veronese's The Marriage at Cana. Ends March 29 (Salle des Fetes). French Painting and Graphic Art of 18th and 19th Centuries (Cour Carrée 2nd floor). Closed Tues
**ROME**
**Palazzo Venezia** Rome under Sixtus V: the third of a series of exhibitions celebrating the fourth centenary of the death of the Pope who during his short reign (1585-90) did more than any other to turn Rome into the first modern city of Europe. Ends April 30. Closed Mon
**TUBINGEN**
**Kunsthalle** Cezanne: 100 paintings from worldwide collections. Ends May 2. Closed Mon
**WASHINGTON**
**National Gallery of Art** William Harnett: 48 works by the American still-life painter who died 100 years ago. Ends June 13. Also Drawings from the O'Neal Collection: 58 old master and modern drawings from the 16th to 20th centuries. Ends Aug 15. Daily
**Phillips Collection** Georgia O'Keeffe and Alfred Stieglitz: a conversation in paintings and photographs 1918-30. Ends April 4. Daily
**Textile Museum** Saltillo Sarapes: 42 woven wearing blankets from north Mexico dating from the 18th and 19th centuries. Ends Aug 8. Daily
**ZURICH**
**Kunsthaus** From the Treasuries of Eurasia: 170 antiquities from 15 museums in Russia and Ukraine. Ends May 2. Closed Mon

# Sanguine view from the top

## The head of Deutsche Bank talks to **David Waller**

German businessmen are in the grip of panic, says Mr Hilmar Kopper, chief executive of Deutsche Bank.

This, says Mr Kopper, sitting in his eyrie at the top of one of the bank's frosty-blue twin skyscrapers in the heart of Frankfurt, is a typically overdone reaction.

"When something like this starts to happen – when the downturn begins to hurt – we Germans suffer from some specially Teutonic symptoms. We tend to panic, to get hysterical. But it isn't as bad as that.

"It's difficult out there, but I know we'll solve it. I'm sure that the mood is already changing."

Mr Kopper, appointed chief executive of Germany's biggest bank just over three years ago, says it is not surprising that Germans have become morose about the economy. He believes it is labouring under a triple burden.

First, industry is suffering from a cyclical downturn – delayed by two years of rapid expansion fuelled by reunification. Deutsche Bank forecasts that western German gross domestic product is likely to fall by between 1.5 and 2 per cent this year.

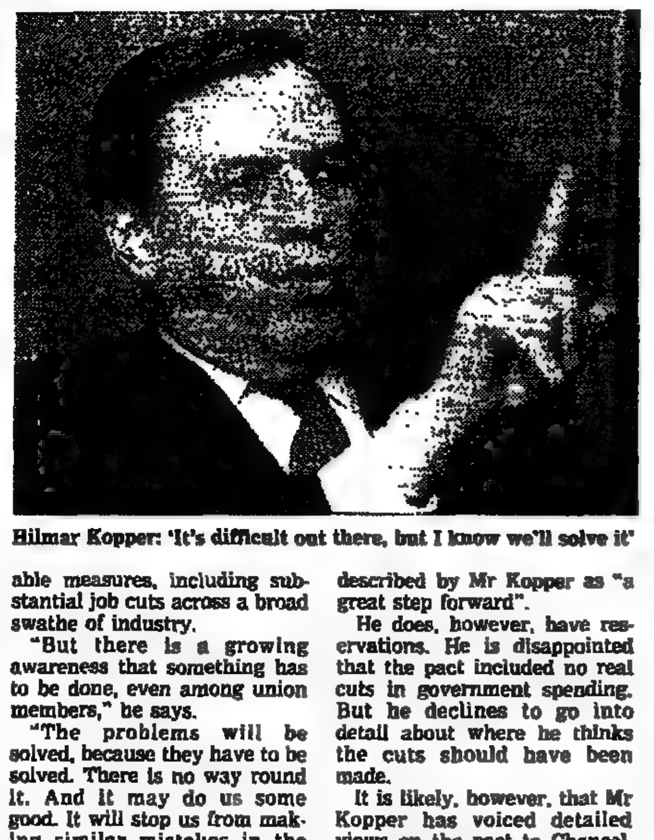
"The downturn came about so quickly [in the autumn of last year], and the problem was made that much bigger in September because of the currency market turmoil, which, via the appreciation of the D-Mark, built another hurdle for German industry," he says.

Second, there are renewed concerns about *Standort Deutschland* – Germany as a place to do business. "This has resurfaced in a vigorous way, after being submerged for a while under post-reunification euphoria," Mr Kopper says. "It involves everything – taxes, ecology, innovation policy, wage costs."

Third, Germany is facing structural change – a need to reshape several important industries. This challenge has become more pressing as a result of the increased competition arising from the creation of a single European market and from the penetration of low-cost imports from eastern Europe.

This is especially true, Kopper argues, in the steel sector where, along with the UK, "Germany is the only country in the EC to be facing a single market very much on its own, without state subsidies".

Solving all these problems at the same time will not be easy, Mr Kopper concedes. Economic recovery will involve unpalatable measures, including substantial job cuts across a broad swathe of industry.



Hilmar Kopper: 'It's difficult out there, but I know we'll solve it'

"But there is a growing awareness that something has to be done, even among union members," he says.

"The problems will be solved, because they have to be solved. There is no way round it. And it may do us some good. It will stop us from making similar mistakes in the east of our country, from indulging in what I call 'monument protection' – support for smokestack industries.

"Success with restructuring in the west may give us an opportunity to rethink some of the strategies developed by politicians for some of the old industries in the new *Bundesländer*. We should seize the chance to use all the money – currently intended to protect industrial dinosaurs – to develop new industries for the future."

He believes that the country's politicians have made a significant contribution to restoring confidence within Germany by successfully negotiating a solidarity pact with unions and employers. This accord, concluded last weekend, includes limits for wage increases, government spending and financial support for eastern Germany. It is described by Mr Kopper as "a great step forward".

He does, however, have reservations. He is disappointed that the pact included no real cuts in government spending. But he declines to go into detail about where he thinks the cuts should have been made.

It is likely, however, that Mr Kopper has voiced detailed views on the pact to Chancellor Helmut Kohl. Like most of his predecessors at the head of Germany's most powerful financial institution, he has the ear of the country's leader on issues of economic policy.

Potentially more significant for the reshaping of German industry, however, is the influence wielded by the bank through its web of industrial holdings. These include a 28 per cent stake in Daimler-Benz, Germany's largest industrial company, as well as 30 per cent of Philip Holzmann, the construction company, and 10 per cent of Allianz, Europe's largest insurance group.

That influence is consolidated by a network of supervisory board directorships held by Deutsche Bank's 13-member management board. In total, Deutsche Bank board members hold more than 100 seats on German companies' supervisory boards – bodies which appoint and oversee company management.

These investment holdings and management relationships are complemented by Deutsche Bank's financial strength. Its profits, which will be announced later this month, are expected to be about DM5.66bn (£2.4bn) – larger than the combined profits of the three next largest German banks.

Critics say that such strength gives Deutsche Bank an excessive influence in German industry and its current restructuring.

But Mr Kopper rejects such views. "We take our part in finding and implementing industrial solutions and in making those solutions work. It is not our aim to make industrial policy," he insists. "That's what industry must do for itself."

He cites the case of Klöckner Werke, the steel group which last December became the largest German company in more than a decade to file for protection from its creditors. Deutsche Bank, its largest creditor and "house bank", devised the financial aspects of the company's survival plan. But Mr Kopper insisted that the "managers must set the plan in motion themselves".

An even more significant corporate relationship is with Daimler-Benz, the country's biggest industrial group. The company's core automobile business is suffering a sharp downturn and – in the minds of industry analysts at least – there are serious question marks over the strategy of Mr Edzard Reuter, the chief executive who is seeking to build a broadly diversified "technology" conglomerate.

Mr Kopper says Deutsche Bank is not concerned with the details of the current restructuring at Daimler, which involves sharp job cuts and a change in strategy for Mercedes-Benz – the group's main profit source.

"We've had the Daimler stake for over 60 years and it's not our view to buy today and sell tomorrow," he says. "That's why we can take such a hands-off approach. Daimler is like a fund managing assets for us, of which we own a certain part. As the largest shareholder, we like to select the fund manager.

"As long as we're happy with what we see there, we'll stay out," he says.

Is he happy? "I am happy," Kopper growls. "If I weren't, I wouldn't be non-executive chairman. And Edzard Reuter would not be chief executive."

## Joe Rogaly

# A snail on Mogadon

The Labour party is whingeing and wailing fit to wake the dead. If it is not careful it will disturb the voters. "We wuz robbed", the party yells. Its leader, Mr John Smith, has taken to observing, with understandable acerbity, that the Conservatives deceived the electorate last year. Goodness me. "I do not know how the right honourable gentleman can sit there as prime minister of a government who are capable of deceit on such a scale," charged Mr Smith in the Commons on Tuesday, staring straight across the despatch box at Mr John Major.

He had a point. The Conservatives fought the 1992 campaign on the basis of a tax-reducing Budget and many assurances that taxation would not have to be increased. In his reply to the Budget speech, the shadow chancellor, Mr Gordon Brown, took full advantage of his opportunity. "There will be tax rises now, tax rises later, and tax rises two years later," he crowed on Wednesday. That is a . . . triple Conservative tax whammy." It was Mr Brown at his best. Yesterday, Mr Smith put it to the prime minister that, following Tuesday's Budget, the typical British family would pay £442 a year more from April 1994 and £650 from April 1995. Mr Major did not leap to deny that arithmetic. He dodged it.

Labour is right to protest. Most of us remember the April election very well. There are two possible explanations for the message of the Conservative campaign, which might be summed up as "read my lips – no new taxes". One is that it was based on a strategy of deliberate deception. Heaven forfend. Deceive? Such honourable gentlemen? Surely not.

A more charitable interpretation is that the prime minister and the chancellor were so witless that they allowed themselves to be fooled, as I was from time to time, into believing Treasury assurances that the end of the recession would become apparent during 1992. They were therefore free to assure the cameras that no tax increases were "planned" or "needed", without going into tedious explanations of the use of those code words, so familiar to political practitioners. What they actually mean is: "No increases planned this afternoon. None needed this evening. Tomorrow may be different."

The chancellor, Mr Norman Lamont, proffers a third interpretation. He says that the imposition of value added tax on domestic fuel and power, and the higher rates of taxation on petrol and cars, are all part of a package designed to meet Britain's commitment to reduce $CO_2$ emissions, made at Rio last June. That was three months after the election. Those of us who take our environmentalism seriously are perhaps too easily softened up by such arguments. Harder heads will wonder whether Mr Lamont was merely looking for the VAT increase that would be easiest to camouflage with pious excuses.

**The task of the opposition is to double-bluff. Even the British Labour party is beginning to absorb the lesson**

It is the task of the opposition to instil a recollection of "Tory promises betrayed" into the folk-memory. Yet not all voters will be overly impressed. They are aware that during election campaigns politicians regard "truth" as a quaint conceit. Who can recall a British contest that was not an auction of false promises of cost-free benefits for all?

Consider. Sir Anthony Eden bought the May 1955 election for the Conservatives by knocking 6 old pence (2½p) in the pound off income tax and abolishing purchase tax, the precursor of VAT, for certain goods. He and his chancellor, Mr R A Butler, knew this was irresponsible, but they sedated their consciences with a bowl of soothing Treasury advice, prepared by time-serving officials. The stratagem was effective. The Tories won. Within a month sterling was under pressure. Messrs Eden and Butler, purveyors of political veracity, did not flinch. They presented an October Budget, taking back in indirect taxation what they had given away in direct tax relief in April.

In 1959 the then Mr Harold Macmillan achieved a dubious victory by hiring Colman, Prentis & Varley, that year's equivalent of Saatchi & Saatchi, to advertise the Conservatives as the party of prosperity. The Tories won. Within a year the pre-election inflationary "go" was followed by a post-election deflationary "stop". The voters had been suckered once again.

Although the Conservatives are champion practitioners of electoral deceit, they do not command a monopoly of the methodology. The 1966 election was preceded by a copious outpouring of spending promises and plenty of smart footwork by the Labour prime minister, the then Mr Harold Wilson. His government assured the electorate that no increase in tax would be required. Labour won. Almost immediately afterwards, the second Wilson administration introduced special employment tax. The following year the Labour chancellor, now Lord Callaghan, was obliged by the International Monetary Fund to deflate, and devalue. He had the grace to resign.

All of this is most reprehensible, but it is a fact of political life. Mr Bill Clinton became president because he recognised that in contemporary two-party democracies, the governing party will always bluff. The task of the opposition is to double-bluff. That is so obvious that even the British Labour party is beginning to absorb the lesson. The danger is that it will absorb it too well.

Nothing would be more fatal to the opposition's chances of returning to government than a strategy based on the myth that the sole explanation for the Conservatives' victory last April is that they pulled the wool over our eyes. That may – must – have had something to do with it, but the true reason for the defeat of Labour is that more than 65 per cent of the electorate did not want the party then led by Mr Neil Kinnock to rule the country.

Mr Smith's task, which he is undertaking at the pace of a snail on Mogadon, is to refashion his party into one that voters actually want. He and his colleagues have made a tentative start. They have jettisoned some of the policies rejected last year, adopted a new line on constitutional reform, and reduced the power of the trade unions over their affairs. More is coming. Meanwhile they should hesitate before expending excess energy on protestations against Tory deception. They cannot afford to be distracted for too long from their real task, which is to create an electable opposition.

# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Budget: impressive conjuring trick and real PEP picture

*From Mr F B Hayes.*

Sir, Norman Lamont must be congratulated on the skill with which he has increased the effective burden of tax on corporate dividends while presenting his proposals as a possible "solution" to the problems of Advance Corporation Tax for which the Confederation of British Industry and others have lobbied hard and long.

His two proposals are: (a) to reduce the rate of ACT from 25 per cent to 22.5 per cent from April 5 1993 and 20 per cent from April 5 1994; and (b) to introduce a scheme for "foreign income dividends" (FID) whereby dividends can be paid effectively without ACT if they are paid out of foreign income on which no UK corporation tax is paid.

These proposals are described as giving the corporate sector a cash flow benefit of £2bn, reducing the surplus ACT problem by £300m and at the same time raising revenue from 1995-96 onwards by £1bn. It would be good news indeed if such benefits arise.

A closer examination, however, reveals that it is not that easy. By reducing the rate of ACT which can be recovered from the company's own liability to corporation tax this stroke of the pen reduces the gross income of the shareholders and, if the shareholders insist on their income being restored by payment of higher dividends, the £2bn of cash flow benefits will disappear and reappear as a £1bn cost.

Commonsense would seem to indicate that the market will downgrade companies which do not make up the difference.

Much the same point can be made about the FID proposal. A company paying an FID can claim back the ACT paid on the FID but the recipient shareholder will get no credit. The pension and other exempt funds which dominate the market can now recover this credit. They will not appreciate companies which pay FIDs unless additional dividends are paid to make up the lost credit. In this event the benefits of paying FIDs disappear.

These are impressive conjuring tricks. The truth is that by reducing the rate of ACT by 5 per cent the chancellor has increased the tax on shareholders and their companies by the same amount. He has reduced the amount of the company's tax liability that can be used as a credit by the shareholders. It is all done by mirrors.

F B Hayes,
*Coopers & Lybrand,*
*1 Embankment Place,*
*London WC2N 6NN*

*From Mr Philip Warland.*

Sir, The article on the effect of the changes in Advance Corporation Tax on PEPs is misleading, especially with regard to unit trust PEPs ("ACT changes may hit PEP sales", March 18).

The changes will not "make PEPs particularly unattractive to basic-rate taxpayers". If nothing else changes, the yield on a PEP might fall from 5 per cent to 4.69 per cent. That yield would still remain competitive with building society rates and is received gross by any taxpayer.

To suggest that these hypothetical changes at the margin will suddenly mean that PEP changes will neutralise the benefits of PEPs is wrong, certainly so far as unit trust PEPs are concerned. The yield on unit trust PEPs is quoted after charges.

More importantly, the article is wholly hypothetical. We do not know how companies will react; we do not know how fund managers will react. As Lex pointed out, companies may come under pressure to increase dividend payments; fund managers may switch into higher-yielding shares, such as utilities; PEP managers may increase the weight of bonds in the portfolio.

Any of these changes would undermine the premises of the article. Indeed, they could increase the yield of PEPs.

Investors should continue to consider unit trust PEPs wherever they are concerned with long-term saving. Indeed, for higher-rate taxpayers the advantages of PEPs have been enhanced. They should ignore the worst-case forecasts and watch the reaction in the real world.

Philip Warland,
*director-general,*
*Unit Trust Association,*
*65 Kingsway, London WC2*

## When six can equal eight

*From Mr Julian E Smith.*

Sir, Supporters of proportional representation may be interested to learn that, in the recent German local elections in Hesse, the Republican Party won eight seats in one constituency although it had only fielded six candidates.

Julian E Smith,
*Bussardweg 11,*
*D-6370 Oberursel 4, Germany*

## Talisman the ideal basis for SE's Taurus mark II

*From Mr Charles Abrams.*

Sir, The Bank of England's immediate response to the sudden demise of Taurus illustrates clearly how important it is to the City that a computerised settlement system is developed. The recent articles by Richard Waters clearly explain both the development and the ultimate failure of Taurus. However, it must not be forgotten that the London stock exchange already has in place a very effective and efficient computerised settlement system, Talisman, which provides for settlement by market participants without the use of share certificates. I would urge that Taurus mark II should be developed as a Talisman writ large.

The Talisman system involves the use of a stock exchange nominee company, Sepon, as a custodian for market participants and also indirectly for investors while their shares are in the course of settlement. Sepon should become a central depository for all investors (holding shares long term rather than just while bargains are being settled) and the London stock exchange should extend its book entry transfer system to cover all investors. This is not in conceptual terms a significant development and, indeed, would be similar to what the London stock exchange originally proposed.

In particular, under the system I recommend should be adopted:

(1) investors would no longer themselves be on the company's register; instead, the only shareholder on the register would be Sepon itself. This would actually be more efficient than having the multitude of registered shareholders proposed by Taurus;

(2) professional registrars would in turn have their own accounts in Sepon (keeping their own computerised records of investors) and could still provide their services on behalf of the company to the majority of investors. However, market participants, institutions, and stockbrokers or their nominee companies could have their own Sepon accounts;

(3) the ordinary investor holding through the registrar could still vote and receive dividends himself (subject to appropriate verification);

(4) the legal framework would be made simpler by the use of a single central depository;

(5) the company should be able to obtain from Sepon account holders the identity of its "shareholders"; and

(6) probably, the government should make participation in Taurus compulsory for all listed companies and not depend on persuasion.

The know-how and skills used in developing Taurus, and, indeed, Talisman could surely be applied to implement this suggested new system very quickly.

Charles Abrams,
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## Allegation contradicts reality

*From Mr Boris N Malakhov.*

Sir, I would like to make a few comments with regard to Mr Iwanciw's letter (March 8) commenting on your editorial, "Russia's backyard" (March 2).

The letter proved once again that lack of information or deliberate ignoring of facts is the fertile soil for unfounded accusation. When published they can seriously mislead readers.

The allegation that Russia is "illegally dismembering Moldova" contradicts not only the reality but the Financial Times editorial which was applauded by Mr Iwanciw. It said that Russian troops "are keeping fragile peace in Moldova".

The FT editorial also correctly stated that "Russia undoubtedly has an overriding interest in preventing the spread of conflict to its south and west". Moreover, we are interested in ending all armed conflicts on the territory of the former USSR. At the request of some governments of new independent states Russia took the burden of peace-keeping operations. By calling for a United Nations mandate we do not seek any rights to intervene or any other special powers. We just believe that the expenses of these peace-keeping efforts ought to be shared as is the case in other regional conflicts where the UN is involved.

As to the human rights of the Russian-speaking population in some former Soviet republics I would say that this is not as big an issue in Russian-Ukrainaian relations as it is in our relations with Estonia and Latvia. And it is up to 9m Ukrainians to create schools in their language in Russia. There are no legal or any other obstacles to this.

We are interested in positive discussions and solutions of problems when they arise, not in propaganda. Those days are gone.

Boris N Malakhov,
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Friday March 19 1993

# Bundesbank's slow tease

DOUBTLESS, many reservations were expressed at yesterday's Bundesbank council meeting about the adequacy of last weekend's Solidarity Pact. But the bank had no reason to puncture the bubble of optimism that last weekend's agreement has inflated around Germany's politicians. Hence, it duly obliged with a half point cut in the discount rate.

This latest rate cut does not, in fact, signal a change in policy. The Bundesbank, by regularly dropping the discount rate floor and then allowing its money market rates to catch up, has permitted short-term interest rates to fall by 2 percentage points since September; long-term rates have fallen too. Yesterday's move suggests that the process will continue at a similar pace.

This modest easing reflects the modest pace at which Germany's current economic imbalances are righting themselves. Wage settlements in west Germany show signs of moderating but inflation remains stuck above 4 per cent. The Bundesbank's broad money aggregate contracted in February relative to its bloated fourth quarter base but is still rising at more than 7 per cent on an annual basis. The solidarity pact's tax increases and spending cuts bring some predictability to fiscal policy, but confirm that Germany's fiscal day of reckoning has only been postponed.

German industry will argue that the Bundesbank could now ease policy a little faster, given the fall in inflationary expectations and the medium-term need for a sizeable D-Mark depreciation against the dollar. But there can be no doubt that the bank's recent performance has been exemplary. It appears to have contained post-unification excesses without letting inflation rise above 4½ per cent, while the German economy has still managed to grow by an average 2½ per cent a year since the beginning of 1989.

For France, by contrast, German's monetary relaxation began a year too late and looks set to proceed too slowly. Germany's economic satellites – Belgium, Denmark and the Netherlands – used yesterday's rate cut to obtain further monetary relief. But the German reduction failed to ease the pressure on the French franc. The differential between German and French short-term rates has now widened from near parity last summer to 3¼ percentage points, as market fears of a post-election Franc devaluation have grown. The French authorities may well resist a devaluation, given the fundamentally sound state of the French economy, but the costs will continue to be high.

Meanwhile, as if to rub salt into French wounds, sterling rallied yesterday against the D-Mark, despite the considerably more feeble state of the UK economy. The British government should now be able to follow Tuesday's tax-raising budget with a cut in interest rates to aid recovery. To the gnashing of Parisian teeth, chancellor Norman Lamont should take his chances while he can.

# OFT on target

IN HIS report to the Chancellor on the marketing and sale of investment-linked insurance products, Sir Bryan Carsberg, the director-general of fair trading, remarks that "competition can take place most effectively when investors have access to information of the right type and extent, at the right time, and in an understandable form". It is a measure of the failure of practitioner-based regulation in the retail investment market that it should still be necessary to make such a self-evidently sensible declaration so long after the introduction of the 1986 Financial Services Act.

This report, together with a wider-ranging review of the life assurance industry carried out under the 1973 Fair Trading Act, provides a welcome and authoritative statement of good practice in an area where bad practice has been all too common. Under his limited remit to comment on the existing rule books of the industry watchdogs, the Securities and Investments Board (SIB) and Lautro, Sir Bryan chooses good targets, ranging from inadequate disclosure of surrender values on endowment policies to the absurd practice of projecting returns on the basis of industry-wide costs instead of individual life offices' costs. He is pungent on the failure to reflect differing distribution expenses in prices, and rightly critical of flabby disclosure requirements for independent financial advisers.

In his wider report, the director-general is free to move closer to the heart of the matter by addressing the absence of transparency in charges and surrender values. Lack of disclosure has long prevented investors from comparing the insurance industry's policies with a straightforward investment in equities, gilts or the building society. Sir Bryan helpfully provides an illustrative disclosure statement for a 25-year with-profit endowment policy to show how it could be done. It is a form of help that too many insurers would rather be without.

The OFT's conclusions will no doubt strengthen the hand of the SIB in dealing with its recalcitrant charges. The Treasury should also give the OFT's bandwagon a well-deserved push. But whether the insurers can be persuaded to go along with it is another matter. Many in the industry appear incapable of recognising that the widespread sale of poor products to the wrong people under the cloak of inadequate disclosure is undermining public confidence.

The public has no obligation to keep in business an industry that is afraid to reveal the nature of the products it so vigorously peddles. Investors deserve better protection from regulators who have sought consensus at the expense of the consumer interest. The OFT has provided a sound blueprint for a set of rules that would genuinely serve the public interest. If the industry rejects it, the government should recognise that practitioner-based regulation has failed in this area and opt for a tougher, more independent watchdog.

# Indirect taxation

TUESDAY'S BUDGET showed that the government remains committed to two central elements of Mrs Thatcher's fiscal reforms. One is the aim of reducing the basic rate of income tax from 25 to 20 per cent by extending the 20 per cent band. The other is to continue shifting personal taxation from direct to indirect taxes, principally Value Added Tax. The storm over the extension of VAT to domestic fuel could, however, impede this, unless the government adequately recognises that low income households need additional help during such a transfer.

Even in this most difficult of budgets, the chancellor has advanced the Conservative election manifesto aim of extending the width of the 20 per cent lower rate band. It will increase by £500 this year to £2,500, and by a further £500 next year. At this rate, it will be well into the next century before the 25 per cent rate entirely disappears. But the government is clearly determined to advance its manifesto aim year on year.

The cost of these small extensions in the lower rate band is high – almost £1bn for the full £1,000 promised. This is more than covered by the restriction to 20 per cent of the reliefs on mortgage interest, the married couple's allowance and company dividends. However, the complete elimination of the 25 per cent band would require much larger sums.

Some of the money might be found from further cuts in public expenditure. But the government's best bet would be a further shift to indirect taxation by widening the base for VAT. The imposition of VAT on domestic fuel will raise £2.3bn when fully implemented. Another £5bn could be raised by introducing VAT at 8 per cent on goods and services currently zero-rated, other than new building.

There is justification for shifting from direct taxes to indirect taxes, which are easier to collect and harder to avoid. Such a shift may improve incentives, and can help reduce the poverty trap. And the difference between standard-rated items and those which are zero-rated is arguably so wide as to distort choices.

However, any move to tax zero-rated goods reduces the progressivity of the VAT system. Low-income households spend a higher proportion of their resources on zero-rated goods such as food, public transport fares and domestic fuel. Those which depend on social security benefits will not benefit from tax cuts, unlike the better-off.

For a switch to indirect taxation to be politically acceptable, steps must be taken to ensure that such households are not left worse off than before. Uprating benefits in line with the retail price index is insufficient, since the RPI does not reflect the importance of zero-rated items to low-income household budgets. Each time the VAT net is widened in this way, a once-for-all additional increase is needed to social security benefits that reflects the extra costs imposed on those who depend upon them.

ASSEMBLÉE NATIONALE

Within the next 10 days France will move from weak government to divided government, an unsettling prospect for those inside and outside the country.

There are only two certainties. One is that shortly after the second round of voting for the National Assembly on March 28 – the first round, eliminating weaker candidates, takes place on Sunday – France will have a conservative prime minister and government.

What little movement there was in opinion polls during the campaign involved the Greens first gaining, and then falling back, in relation to the enfeebled ruling Socialists. The combined vote of the Gaullist RPR and the centre-right UDF – fighting under the joint banner of the Union pour la France – has not wavered much from the 40 per cent mark. Given the majority voting system, and the diversity of its opponents, the UPF duet seems sure to get a large majority of seats.

The other certainty is that, short of cutting off his gas and electricity, the new conservative government will be unable to get President François Mitterrand out of the Elysée. There had been opposition talk that he will have to respect the will of the people by packing his bags or calling an early presidential election if the opposition wins a landslide victory. Mr Mitterrand has made clear that he regards that as constitutional hogwash.

Provided his health does not deteriorate further, Mr Mitterrand will stay until his seven-year term runs out in May 1995. So France is embarking on up to two years of cohabitation, a term that has far stormier connotations for French politicians than it does for unmarried couples. The conservatives' first cohabitation (1986-88) with Mr Mitterrand left lasting bitterness with Mr Jacques Chirac, the RPR leader, who felt his spell as prime minister destroyed his 1988 bid for the presidency. This time round "nothing and no one will stop us from carrying out our policies", Mr Chirac recently warned.

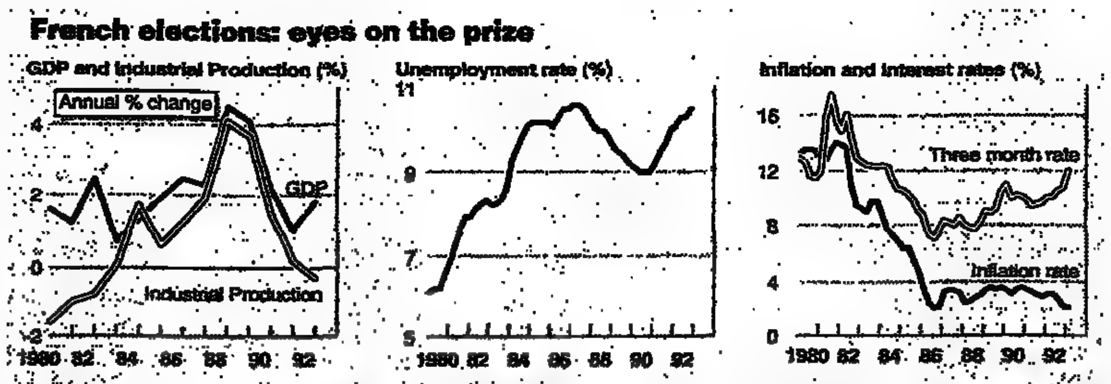
Mr Chirac regards holding the premiership as a poisoned chalice. But he has recently sounded unsure about whether he might not put it to his lips – if Mr Mitterrand offered it to him. His rival on the right for the presidency in 1995, ex-president Valéry Giscard d'Estaing, who leads the UDF, has similar reservations and hesitations.

But few opposition leaders can be ruled in, or ruled out, for the top government job. It is in Mr Mitterrand's gift and, savouring this power, the president has given no hint of how he might bestow it, except that it would not be on someone hostile to the European Community. In practice, the president will not be able to ignore the leader of the party with the most seats. So, the not-always-so-friendly rivalry between the RPR and the UDF to get the edge on the other will be important.

France's next conservative government is unlikely to dislodge President Mitterrand, says **David Buchan**

# Living together, but no love lost

**French elections: eyes on the prize**




François Mitterrand
French president
Source: Datastream

Edouard Balladur
Potential prime minister

Jacques Chirac
RPR leader

Valéry Giscard d'Estaing
Former president and UDF leader

The election will also determine the shape of the future opposition. The worse the Socialist party does, the more pliable it may be for Mr Michel Rocard, the most likely Socialist presidential challenger in 1995, to recast in his mould. His call for "a big bang" recomposition of the French centre-left was broadly welcomed within the Socialist party. But Mr Rocard's tactlessness this week in bad-mouthing President Mitterrand as someone with whom the French people had "personal scores to settle" left many Socialists thinking that the only bang was the sound of a bullet entering Mr Rocard's foot.

The overwhelming focus in 10 days will be on the new government, and its attention will be fixed on the economy. Up to yesterday's half-point cut in the Bundesbank discount rate, a frequent description of the French economy's current state has been *atonie* (lifelessness). National output fell by 0.5 per cent in the last quarter of last year, but has since levelled out, although some sectors such as cars are still seeing a drop in sales. The rate of job losses slowed in January, albeit with unemployment at a painful 10.5 per cent of the workforce. Most French forecasters predict little expansion in the first half of this year and only 0.5-0.7 per cent growth in gross domestic product for the whole year.

France, however, is well-poised to grow. Its inflation rate is about 2 per cent. Its trade balance will deteriorate this year (because of neighbouring countries' devaluations), but from a handsome FFr30bn (£3.8bn) surplus last year. And the finances of its households and companies are sound. Banque Indosuez projects that the savings rate will rise from 12.3 per cent last year to 12.9 per cent this year. The Caisse des Depots, the state savings bank, calculates that company profits rose 10.6 per cent last year and productivity increased 3 per cent, as managers cut investment and staff.

Banking on the economy's relative health, France's likely new governors – whatever their campaign rhetoric of fiscal conservatism – are not going to let themselves be too constrained by the relative sickness of state finances in going for growth. Mr Alain Juppé, secretary-general of the RPR party and budget minister in 1986-88, said as much earlier this month. "You will find that dynamism, audacity, risk-taking will be the thrust of the future government in economic policy," he said.

The bill for the opposition programme of tax breaks for the construction sector, cuts in indirect and direct taxes, and a switch of welfare charges from company payrolls to the state budget will come to an extra FFr110bn over three years, calculates Mr Juppé. More than covering this bill, he claimed, will be public spending cuts, privatisation proceeds and smaller dole payments/higher tax revenue stemming from economic expansion.

The opposition wants to prove the forecasters pessimists. It does not want to spend the whole of 1993 clawing back the output drop in the last part of 1992. It has seen what poor political reward Prime Minister Pierre Bérégovoy has had for trying to be fiscally orthodox; even in that, he has failed, because last year's FFr230bn budget deficit rose above 3 per cent of GDP and may hit FFr300bn this year. Most important, France's rival conservative leaders – Mr Chirac and Mr Giscard d'Estaing – now begin another election campaign, to displace Mr Mitterrand in 1995.

The new government's principal constraint will be its desire to keep the franc locked to the D-Mark as it tries to follow German interest rates downwards. Here, the centre-right parties seem to think words will largely suffice. As long as the new prime minister issues a resounding declaration in favour of the *franc fort*, keeps any of the RPR/UDF "soft money" advocates like Mr Philippe Séguin or Mr Alain Madelin out of the finance ministry, and tables an immediate draft law to give the Banque de France autonomy, that will be assurance enough to the foreign exchange markets, claim many in the opposition.

But the markets will only be convinced if Germany is. The centre-right parties hope it will be, and have written into their election platform the need for a "new initiative" with Germany on monetary policy. Their difficulty is that they will also be asking Bonn to join Paris in a more protectionist trade policy.

Mr Klaus Kinkel, the German foreign minister, has struck fear into France's conservatives by expressing impatience with French obstructionism in the General Agreement on Tariffs and Trade. Yet Mr Chirac has not only been denouncing the Gatt negotiations, but also threatening to renege on last summer's reform of EC farm policy. Quite why the RPR leader should risk an EC bust-up on this, when most farmers vote RPR anyway, can only be explained in terms of the 1995 presidential contest.

Seeing this coming, it would not be surprising if President Mitterrand were to want a cool head at the top of his government, like Mr Edouard Balladur. This RPR ex-finance minister is the prime ministerial candidate whom most RPR and UDF voters can agree on. For precisely that reason, nominating him to the Hotel Matignon would deny Mr Mitterrand the pleasure of making mischief. But Mr Balladur is calm and polite – qualities which may soon be in shorter supply in French politics than usual.

# Hitting a high note at the opera

*PERSONAL VIEW*

If the Royal Opera House were a publicly quoted company, its share price at the end of this financial year would be riding high. The chairman, reporting the results, would point to outstanding artistic achievement, and, at a time when others are in difficulties, to a useful surplus on the current account, after provision for exceptional items; to debt reduced and gearing improved. No cause for complacency, but the company is very much on the right course, with prospects fair.

The financial press might hail this as a turnaround. They would be right. Last summer the Arts Council committee, headed by Lady Warnock, which carried out an appraisal of the Royal Opera House, fiercely, and in retrospect it can be seen, intemperately, criticised its management. It spoke of a development crisis, a financial crisis, a management crisis. Unattributed, leaked, and, incidentally, sexist, comment put it more brutally; we could not run a girls' choir.

The Warnock committee urged that our development scheme be shelved; it saw no cause for concern in the level of prices we charge; it made no comment on artistic standards achieved, except to recommend a narrowing of ambition. To all this we took exception. But it is, nevertheless, always salutary "to see ourselves as others see us". Warnock, insisting that all planning be governed by financial realities, conveyed a useful warning in a deepening recession. The results of the 1990-91 financial year, in which we did better than break even, selling 88 per cent of the financial capacity of the Opera House, were perhaps untypical and would not in any case easily be repeated.

In fact, ROH itself had foreseen the danger. Early in 1992 the board commissioned accountants Price Waterhouse to conduct a study of our cost efficiency and working practices. That pointed to possible economies. In the autumn, we tightened our belts, and re-doubled our efforts. Extra performances, on a stage already working full out, were crammed into the schedule, and sold. Management structures and communications have been strengthened. Employees, generously and responsibly, have acquiesced in a wage freeze. Economies, within strict cash limits, were imposed. It hurt, but it worked. We end the year wreathed in artistic laurels – for opera a clean sweep of nominations, eight out of eight, for the Olivier Awards – and with a surplus. The accumulated deficit is thereby reduced. We can look our bank manager in the eye.

**The subsidy is now 27 per cent of income, a lesser proportion than any other UK company**

It would be foolish not to concede that Warnock concentrated the mind wonderfully. We shall be stronger for acting on its criticisms. But if this year's results are owed to incompetent management, then I can think of institutions which could do with a dose of the same.

Opera and ballet we know are expensive; the forces deployed, dancers, chorus, orchestra, make them so. But they are not elitist art forms. Their followers are numbered in millions; broadcasts on radio and on television carry the work of our three companies into millions of homes each year. The prime minister, in any case, defused the "elitism" grenade, supposedly lethal in the hands of philistine backbenchers, when he shrewdly linked the arts with sport and other outdoor pleasures.

The Royal Opera's subsidy is now down to 27 per cent of its income. This is a lesser proportion than any other UK national company. If higher subsidy were available we should use it principally to reduce or at least restrain prices. If it is not, we shall soldier on.

Last year both the Royal Ballet and the Royal Opera toured Japan. The Foreign Office and the British Council know our worth. In the UK, companies and corporations in the city demonstrate by their support that London needs great opera and ballet, and that they benefit from it.

A crunch is coming. The house is falling down. We have to repair the fabric of a loved theatre, built in 1858. We have to modernise a stage not thoroughly re-equipped since the start of this century. We shall improve efficiency, reduce costs, and increase the number of performances, particularly matinees. We must re-house the Royal Ballet, now at Baron's Court, at Covent Garden and gather our workshops under one roof. We shall improve amenities, including air-conditioning, for audiences, and for sponsors.

We shall shortly launch a vigorous appeal for funds. But there is one condition precedent to success. If, and only if, matching funds can be identified in the public sector, generous private donors stand ready to play their part; a 50:50 split of a £90m target. The Royal Opera House, fortified by that partnership, must be enabled to serve the nation in the next millennium.

**Jeremy Isaacs**

*The author is general director of the Royal Opera House*

# OBSERVER

## A taste of funny

■ What would Sir Adrian Cadbury – lead author of the eponymous report on Corporate Governance and former chairman of Cadbury Schweppes – make of brother Dominic's promotion to the executive chairmanship of the firm founded under the family crest?

"He would approve wouldn't he?" says Dominic in the good knight's absence, seeing nothing odd in the fact that the confectionery and beverages outfit now has both an executive chairman and a group chief executive.

True, he stresses that David Wellings, the new chief executive who has only been with the firm since 1986, will be the "ultimate decision-maker". But it will take a very strong chief executive to stand up to a member of the fifth generation of the founding family who has been on the board since 1974 and has been running the shop for the last decade.

While Dominic deserves the benefit of the doubt in view of the group's rejuvenation under his leadership, the move leaves a funny taste – fudge-like, perhaps.

## Hippo-thetical

■ Nice to see a reassuring touch of German humour. A mock tombstone ad in today's FT is Bayerische Hypo Bank's way of "irrevocably and unconditionally" congratulating its joint venture partner, Foreign & Colonial, on its 125th anniversary. The epitaph notes 100 per cent interest and 100 per cent support.

Strangely, when Hypo F&C chairman the Hon James Ogilvy proposed that a combination of Germans and cuddly hippopotamuses should feature on last year's corporate Christmas card, the Mein Herren in Munich were so unamused that he had to go back to the drawing board.

## Down and out

■ Eyes widened at a Reuter flash, timed 11.58am, that the Swiss National Bank said it was lowering its discount rate from 5.5 per cent. But as the new rate was quoted only as "XXX PCT", heads were scratched also.

Until 12.02pm, that is, when another flash stated: "Subscribers are asked to please ignore earlier alert on Swiss National Bank discount rate, which was transmitted in error."

## Knocking copy

■ What a wizard jape! Up come BBC fax machines with an apparent press release describing beleaguered director-general John Birt as "just the innocent victim..." before gleefully adding "...of a brutal regime which forces talented people to pay as much as 25 per cent of their earnings to a shadowy organisation known simply as 'The Revenue'."

Echoing the Beeb's Red Nose Day a week ago, the samizdat transmission declared today Red Face Day, urging BBC staff to show "support" for Birt by appropriately colouring their phizogs.


'They all want to know if they'll survive in 1994-95'

## Old smut

■ Given life after death, William Shakespeare could well be nudging one of his eastern contemporaries and saying: "There, see what you've done now." If so, he'll be referring to a jail sentence just imposed at Shijiazhuang in China on a certain Wan Jianguo.

Arrested for publishing pornography, he has been given four years in prison. But if that seems a long time, it is nothing to the age of the smutty book he published – the Golden Lotus, the work of an undisclosed hand during the Ming dynasty.

Dating from about 1610, it has been blacklisted by Beijing censors pretty well ever since. Although still banned from public sale, however, the book is available to elite officials and scholars who consider it one of the central works of the Chinese literary canon.

It evidently struck Wan Jianguo as having popular appeal as well, since he printed 60,000 copies. Indeed, somewhere up there, the anonymous author might be telling Shakespeare that if he'd been more erotic and got his works banned, Britain's present government wouldn't have to order that children be made to read them.

## Dead letters

■ Anyone confused by all the name-changes among Britain's trade unions may feel happier to know their bewilderment is shared by some of said unions' members. Or so it seems from the reaction of staff at Tyne Tees Television yesterday when asked what their own union BECTU's initials stand for.

Three unions at Tyne Tees – the NUJ, the EETPU and BECTU – are co-operating in a campaign against rumoured job cuts and loss of local decision-making in the aftermath of the merger with Yorkshire Television.

The NUJ, that's easy: the National Union of Journalists. The EETPU, now part of the enlarged AEEU, we can describe, for short, as the electricians... But BECTU?

The question stumped not only the NUJ's Tyne Tees FOC (that's "father of the chapel" or branch secretary), but also several BECTU brethren present. Fortunately their branch chairman, John Moore, came to the rescue, explaining that it stands for the Broadcasting, Entertainment, Cinematographic and Theatre Union.

## Norman not stormin'

■ Wearied by the Imro investigation, writs from Maxwell pensioners, staff defections and so on, senior staff at Invesco MIM in London sat down with the new boss of the UK and European business, Norman Riddell, hoping for some fresh inspiration.

Alas, instead of fire from the belly of this low-key if determined Scot, came the opening gambit: "Well...what can I say?"

## Pressing question

■ There's doubtless a deeply significant reason for the date set by the British Psychological Society for its course to train members to deal with the media – the morning of April 1. The only question is, who'll be fooling whom?

FINANCIAL TIMES
Friday March 19 1993



Charges centre on leasing of Italian clinics and old people's homes

# Six face arrest in Efim inquiry

By Robert Graham in Rome

ROME magistrates yesterday issued six arrest warrants in connection with a fraud inquiry into the activities of the finance subsidiaries of Efim, an Italian state holding company placed in liquidation last July.

The six include Mr Giuseppe Ciarrapico, a Rome businessman and owner of Roma football club, and Mr Mauro Leone, former deputy chairman of Efim and son of the former Italian president Giovanni Leone.

The arrest warrants were issued in connection with fraud charges related to the activities of Efim's financial services arm, Nuova Safim, and its factoring and leasing subsidiaries, Safim Factor and Safim Leasing in which BNL, the state-controlled commercial bank, had a minority stake until 1991. The charges centre on alleged irregular leasing contracts for old people's homes and health clinics, as well as alleged false billings for the supply of equipment and services.

The inquiry is the largest fraud investigation in the current wave of corruption scandals sweeping Italy, most of which involve alleged kick-backs on public works contracts.

The inquiry is also linked to another investigation into the activities of Italsanita, a health care company mainly running old people's homes. Italsanita has since been wound up.

The investigation began last September, shortly after Efim had been placed into liquidation with debts that are now known to be close to L18,000bn ($11.6bn). Safim Factor and Safim Leasing have subsequently been placed in liquidation as a result of the fraud inquiry. The extent of losses suffered by Nuova Safim as a result of the alleged fraud has not been disclosed but it is understood to have been considerable.

Only two weeks ago Mr Ciarrapico was sentenced to two years' jail for a property fraud involving the purchase of one of Rome's best known cafe-restaurants, the Casino Valadier. A strong supporter of Mr Giulio Andreotti, the Christian Democrat seven times prime minister, was sentenced last April to four months in prison for involvement in the collapse of the Banco Ambrosiano.

The Italian parliament agreed yesterday to waive the immunity of three deputies from Naples accused of vote-buying in last April's general election.

They are Mr Francesco Di Lorenzo, the Liberal who resigned last month as health minister; Mr Alfredo Vito, a Christian Democrat party boss; and Mr Giulio Di Donato, the leading Socialist in Naples. The latter two were yesterday advised that they were under investigation for alleged kick-backs in the privatisation of Naples rubbish collection.

Amato overruled, Page 2

# Parliament turns down Poland's sell-off plan

By Christopher Bobinski in Warsaw

POLAND suffered a serious political and economic setback yesterday when parliament rejected the country's mass privatisation programme.

The plan's defeat in the Sejm by 12 votes increased pressure on the coalition government of the prime minister, Mrs Hanna Suchocka, who appeared visibly shaken and accused the opposition of "irresponsible behaviour".

It also jeopardised talks on a $450m World Bank structural adjustment loan, which had implementation of the scheme as one of its conditions.

The privatisation programme also forms an integral part of an agreement between Poland and the International Monetary Fund for a $660m standby loan.

An informal opposition coalition, encompassing former communists and anti-communists, united to defeat the government, which was also deserted by 10 deputies from the nationalist ZChN group, unhappy about the involvement of foreign managers in the scheme.

The mass privatisation plan, first outlined two years ago, would have transferred about 600 state enterprises into investment funds managed by foreign advisers. Shares in the funds would have been distributed at a nominal charge to the population. The funds were to have been dissolved after 10 years, with the proceeds distributed to shareholders.

Mr Janusz Lewandowski, the privatisation minister, said after yesterday's vote that "the country's political elites had decided to put a brake on the economic reforms and exclude all those Poles who would have gained by the programme".

The government lost the final vote on the law despite defeating a series of amendments, put by both the left and the rightwing parties, aimed at excluding foreign managers from the scheme. The government also overcame amendments which would have reduced it to a pilot project.

Ms Suchocka now faces the problem not only of rescuing the coalition's cohesion but also deciding whether to press on with the plan.

Czechs and Slovaks dispute assets, Page 2

# China warns Britain that HK row could affect trade

By Tony Walker in Beijing and Simon Holberton in Hong Kong

BRITAIN'S economic ties with China would "inevitably be affected" if the row over Hong Kong persists, a senior Chinese official said yesterday.

Mr Li Lanqing, minister of foreign economic relations and trade, accused Mr Chris Patten, Hong Kong's governor, of undermining the smooth transfer to Chinese rule by persisting with his plans for democratic reforms.

Asked whether the dispute would affect commercial relations, Mr Li replied: "I believe that if the governor sticks to his present manner of doing things, economic and trade relations will inevitably be affected."

China has a long history of retaliating economically against countries which displease it politically. The most recent example was the freeze Beijing placed on business with France last year after the French announced they were selling advanced Mirage fighter-bombers to Taiwan.

According to the UK Department of Trade and Industry, Sino-British trade was worth £1.38bn last year, with the balance increasingly heavily in Beijing's favour. Chinese exports to the UK amounted to £954m, up 35 per cent on the previous year.

Mr Patten warned in response that Beijing might damage its own economic interests if it allowed the row over his political reform package to affect Sino-British trade and economic ties.

Mr Patten said that ifChina were to link Hong Kong's political development to its economic relationship with Britain "it would have all sorts of consequences elsewhere and in other areas".

China is keen to join the General Agreement on Tariffs and Trade and wants its most favoured nation trading status renewed in the US. Mr Patten is to travel to the US in late April or early May, when he hopes to meet US president Bill Clinton and press for unconditional renewal of China's MFN status. Britain has been a supporter of China's entry into the Gatt.

Li Lanqing attacking Chris Patten's plans for democratic reforms

Mr Patten said: "We have been arguing very strongly against trade to be politicised. It's why I'll be arguing for free trade rather than for allowing political considerations to interrupt trade when I travel to the US."

In Beijing, British officials noted that Mr Li had been merely responding to questions at a press conference. But there seems little question that commercial ties would be affected if the atmosphere between Beijing and London continues to be soured by the Hong Kong issue.

The impasse over Hong Kong has already set back a HK$175bn airport project and a HK$10bn container terminal. Other projects are also being interrupted.

China has been enraged by Mr Patten's plans to broaden the scope for democratic elections to Hong Kong's Legislative Council. Beijing has accused the governor of ignoring past agreements on Hong Kong's transition to the Chinese rule by 1997.

In London Mr John Major, the prime minister, told parliament: "The government stands four square behind the governor and behind the government of Hong Kong," adding: "The governor has acted sensitively, resolutely and correctly and we shall continue to make that clear to the Chinese government."

Mr Li said that while China wanted "co-operation" and not "confrontation" on the Kong Kong issue, it would "never barter away principles".

In Beijing the People's Liberation Army joined attacks on Mr Patten at a session of the National People's Congress.

# Nigeria in crisis meeting with creditors as arrears top $4bn

By Michael Holman and Tony Hawkins in Lagos

NIGERIAN officials are due to meet the country's creditors next week to discuss trade and payments delays and arrears estimated at more than $4bn.

There are fears in some quarters of a rerun of the 1982-83 arrears crisis when Nigeria built up a $5bn payments backlog.

The meeting will take place against a background of a deepening balance of payments crisis and mounting pressure on the naira. Since its agreements with the International Monetary Fund and the Paris Club of official creditors lapsed a year ago, Nigeria is understood to have accumulated foreign payments arrears of more than $3bn.

With imports running at more than $700m a month Nigeria now has less than eight weeks' import cover. Britain, owed $600m at the end of January, is the largest creditor, followed by France with $500m and Germany with $400m.

Nigeria's total foreign debt stood at $27.6bn at the end of 1992, of which $16.5bn was owed to the Paris Club. Foreign reserves have fallen from $5.9bn to $1.4bn in the year to end-1992.

This was largely the consequence of the $3.4bn buy-back of debt owed to the London Club of commercial banks early last year, and of the failed strategy of propping-up the naira at an average of N19 to the dollar during 1992, estimated to have cost the country more than $1bn.

The Central Bank of Nigeria (CBN) subsequently allowed the naira to slide until it reached N25 to the dollar last month. It has been pegged at this level but at the cost of a widening premium in the parallel market.

At the last two auctions, the CBN sold $150m in the face of demand for $721m so that banks received 21 per cent of their requirements. Meanwhile, the free market premium has doubled from 20 per cent at the end of last year to 40 per cent today.

Exchange controls were tightened early this month when foreign payments on open account trade and bills for collection were temporarily barred.

The central bank also deferred payments on letters of credit until 90 days after the goods are shipped by suppliers.

The Nigerian delegation is unlikely to get more than a sympathetic hearing at the meeting. It will be told that the debt relief Nigeria desperately needs is dependent on an IMF agreement which is unlikely to be reached until a civilian president takes office at the end of August.

# UK jobless

Continued from Page 1

Mrs Gillian Shephard, UK employment secretary, greeted the news cautiously. "It would be consistent with previous recoveries for the figures to be volatile for some time," she said.

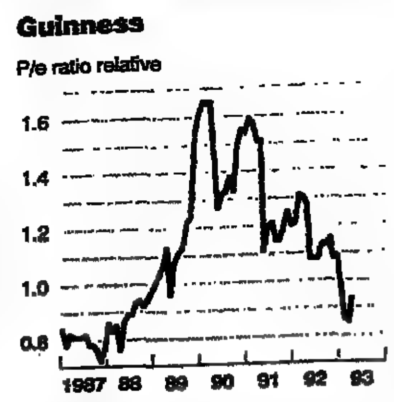
Mr Frank Dobson, opposition employment spokesman, said he feared the February fall was a "freak".

Mr Michael Saunders, an economist at Salomon Brothers, said: "It appears that the large rises in unemployment towards the end of 1992 reflected a final shake-out by companies in order to get their cost base under control, rather than a new downtrend in orders and output," he said.

## THE LEX COLUMN

# Low spirits at Guinness

FT-SE Index: 2879.7 (-10.2)




Source: Datastream

A little extra on the dividend to compensate for a poor profits performance is a mixed blessing when the company concerned is Guinness. There is no denying its comfortable cover ratio or the strength of its cash-flow, even after stripping out the unusual fall in UK tax paid last year. Guinness certainly has the resources to continue increasing its dividend, but it looks odd to stress that when the company is not traditionally perceived as a yield stock. The cynic might conclude that a return to rapid earnings growth is even more remote than ever.

It is not just that the Japanese salaryman has been forced to trade down to Johnnie Walker Red Label, pay for it himself and drink it at home. With hindsight, the expansion into Spanish brewing, especially the purchase of Union Cervecera, looks anything but a stroke of pure genius. The restructuring will be expensive and arduous. There is incipient recovery in the UK, but the improvement in the US is overshadowed by the threat of a federal duty on spirits.

This is not to belittle underlying growth of 6 per cent in spirits and 9 per cent in beer. Despite difficult markets, Guinness managed to improve the mix of its spirits sales, but the jury is still out on when global recovery will be strong enough to encourage large-scale trading up to premium brands. Until then, the shares will hardly regain their premium rating.

## Legal & General

Having underperformed the Prudential by 25 per cent over the last two years, Legal & General is the Cinderella of the life assurance sector. Mortgage indemnity losses are partly to blame. But L&G is still losing money in general insurance and estate agency while the Pru is free to concentrate on what both companies do best: managing long-term savings.

Yet the tide may be turning in L&G's favour. Increased provisions against mortgage indemnity look conservative, although the same was said last year. By reinsuring its household account, L&G has capped exposure to future storms and floods. If estate agency improves from here on, the market may finally focus on the value of the life assurance side. With its shares trading below the value attributable to shareholders in the life fund, L&G stands out from the crowd.

Underperformance may continue, though, until L&G has convinced it can compete successfully for new life and pensions business. The decline in mortgage-related sales might explain away the recent poor new business performance and a triple-A credit rating coupled with a respectable investment performance should, in theory, leave it well placed to sell more policies. But the market will demand hard evidence that marketing and distribution are up to scratch before the shares trade at much of a premium to the value of the life fund.

## United Biscuits

UB's year ended with such a flurry of activity that it was difficult to keep a fix on the group. But its annual results confirm that, though much may have usefully changed at the margin, UB's fate will still be determined at the core. Here, both McVitie's and KP produced predictably creditable performances with promising growth in mainland Europe. Despite rationalisation, Ross Young's recorded its customary miserable return on assets.

The swing element is Keebler. The troublesome US subsidiary, which saw profits drop by 60 per cent, accounts for 36 per cent of group sales. The speed and strength of its recovery will be the spur for UB's shares. The management's rhetoric seems right. Much can surely be achieved by applying marketing spend more appropriately and cutting wasteful lines. The closure of a Californian bakery hints at more regional retrenchment. Further expansion into the own-label market could provide the incremental sales increases needed to defray the costs of Keebler's expensive distribution base.

This could provide UB with a recovery kick lacking in such sector stalwarts as Unilever and Cadbury Schweppes. But the US market remains fearsomely competitive. Investors may care to wait for a progress report at the interim stage before chasing the shares much further.

## Reed Elsevier

Reed's merger with Elsevier certainly looks good on a pie chart. There is even a decent chance that it will work out in practice. Unlike many mergers, Reed Elsevier contains titles and groups which can more or less stand alone. So while common financial systems may be imposed from the centre and co-operation over product development may grow, there is relatively little risk that the Reed body will reject the Elsevier brain. The chemistry also seems to work at board level. Implementation of strategy will be all, but both sides have proved adept at acquisitions and the group's financial strength is a great asset.

This year, the gathering recession in continental Europe is a worry. Yet at least the group's main cyclical businesses are in the UK and US. And there will be a nice kick to Reed's 1993 earnings since the pro-forma 1992 figures were converted at a higher sterling rate than looks likely this year. After five years of continuous revolution and flat earnings, Reed's shareholders must be looking forward to a little growth.

## Currencies

The Bundesbank duly delivered a discount rate cut, but in a grudging way that leaves the French franc exposed. Although the Lombard rate is merely symbolic when the trend in rates is down, the bank's reluctance to cut it suggests a gradual approach to relaxation. That will limit France's room for manoeuvre just as its need for lower interest rates is becoming urgent.

By contrast, sterling is a beneficiary. The interest rate differential between the UK and Germany has narrowed at a time when the prospect for a base rate cut is receding. Yesterday's fall in unemployment was too good to signal a trend. But after the positive data on retail sales and manufacturing output, there are fewer excuses for cutting base rates. The equity market may be mildly disappointed: the resulting strength of sterling looks helpful to gilts.

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Boulogne | C | 11 | 52 | Frankfurt | F | 13 | 55 | Majorca | S | 18 | 64 | Oporto | F | [illegible] | 64 | Tenerife | C | 18 | 64 |
| | | | | Brussels | C | 11 | 52 | Geneva | S | 16 | 61 | Malaga | S | 19 | 66 | Oslo | S | 7 | 45 | Tokyo | S | 11 | 52 |
| | | | | Budapest | F | 15 | 59 | Gibraltar | F | 17 | 63 | Malta | C | 18 | 64 | Paris | C | 13 | 55 | Toronto † | S | -15 | 5 |
| Ajaccio | S | 15 | 59 | Buenos Aires | C | 28 | 82 | Glasgow | [illegible] | [illegible] | 41 | Manila | F | 33 | 91 | Prague | S | 14 | 57 | Tunis | F | 18 | 64 |
| Algiers | S | 21 | 70 | Cairo | F | 17 | 63 | Helsinki | S | 7 | 45 | Melbourne | S | 22 | 72 | Reykjavik | C | -2 | 28 | Valencia | S | 21 | 70 |
| Amsterdam | C | 13 | [illegible] | Cape Town | S | 26 | 79 | Hong Kong | F | 15 | 59 | Mexico City | F | 24 | 75 | Rhodes | S | 15 | 59 | Venice | S | 14 | 57 |
| Athens | S | 16 | 61 | Caracas | F | 30 | 86 | Innsbruck | S | 15 | 59 | Miami † | C | [illegible] | 66 | Rio de Janeiro | C | 37 | 99 | Vienna | F | 18 | 64 |
| Bahrain | S | 24 | 75 | Casablanca † | F | 19 | 66 | Inverness | S | 5 | 41 | Milan | S | 20 | 68 | Rome | S | 15 | 59 | Warsaw | R | 10 | 50 |
| Bangkok | F | 34 | 93 | Chicago † | Sn | -9 | 16 | Islamabad | C | 19 | 66 | Montreal † | S | -19 | -2 | Salzburg | [illegible] | 16 | 61 | Washington † | S | -7 | 19 |
| Barcelona | S | 19 | 66 | Cologne | C | 11 | 52 | Istanbul | S | 7 | 45 | Moscow | C | 4 | 39 | S'Francisco † | C | [illegible] | 55 | Zurich | S | 17 | 63 |
| Beijing | S | 10 | 50 | Copenhagen | C | 8 | 46 | Jakarta | R | 32 | 90 | Munich | S | 18 | 64 | Seoul | C | 8 | [illegible] | | | | |
| Beirut | F | 13 | 55 | Corfu | S | 19 | 66 | Johannesburg | F | 23 | 73 | Nairobi | | - | - | Singapore | R | 24 | 75 | | | | |
| Belfast | C | 6 | 43 | Dallas † | [illegible] | 11 | 52 | Lisbon | S | 17 | 63 | Naples | S | 20 | 68 | Stockholm | F | 7 | 45 | | | | |
| Belgrade | F | 15 | 59 | Dublin | F | 8 | 46 | London | F | 14 | 57 | Nassau | C | 26 | 79 | Strasbourg | F | 17 | 63 | | | | |
| Berlin | C | 11 | 52 | Dubrovnik | S | 18 | 64 | Los Angeles † | [illegible] | 13 | 55 | New Delhi | S | 25 | 77 | Sydney | F | 24 | 75 | | | | |
| Bermuda | R | 20 | 68 | Edinburgh | S | 7 | 45 | Luxembourg | C | 11 | 52 | New York † | S | -9 | 16 | Taipei | R | 16 | [illegible] | | | | |
| Bombay | S | 34 | 93 | Faro | F | [illegible] | 66 | Madeira | F | 19 | 66 | Nice | C | 13 | 55 | Tangier | S | 19 | 66 | | | | |
| Bordeaux | S | 23 | 73 | [illegible] | S | [illegible] | 59 | Madrid | S | 17 | 63 | Nicosia | F | 16 | 61 | Tel Aviv | F | 13 | 55 | | | | |

Temperatures at midday yesterday
† Noon GMT temperatures
C–Cloudy Dr–Drizzle
F–Fair Fg–Fog H–Hail
R–Rain S–Sunny
Sl–Sleet Sn–Snow
T–Thunder

FINANCIAL TIMES

# COMPANIES & MARKETS



Friday March 19 1993



## INSIDE

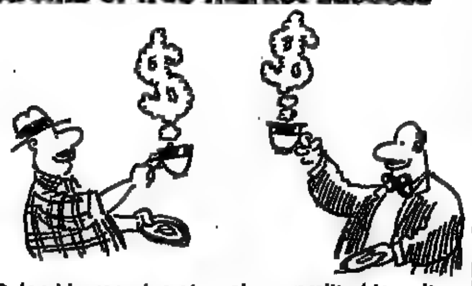
### Royal Bank of Canada in Royal Trustco deal

Royal Bank of Canada has agreed to buy the bulk of the operations of Royal Trustco, Canada's second-biggest trust company, for C$1.65bn ($1.3bn). Trilon Financial, a holding company controlled by Toronto's Bronfman family, said it will vote its 47 per cent interest in Royal Trustco in favour of the deal. The acquisition will boost Royal Bank's assets by about C$14bn or 10 per cent and give it instant access to a variety of fiduciary and investment management services. Royal Trust was up for sale after suffering large losses on businesses it acquired during the 1980s in Europe and the US, as well as losses in its core Canadian mortgage market.

### Daimler silent on controversy

Daimler-Benz, Germany's largest industrial company, refused to be drawn into the controversy generated by remarks from Mr Ronaldo Schmitz, a director of Deutsche Bank. Mr Schmitz had said the groups wanted to see Deutsche's stake in Daimler cut from 28 per cent. Daimler insisted there no plans for the stake to be cut. Pages 15, 12

### Aroma of free-market success

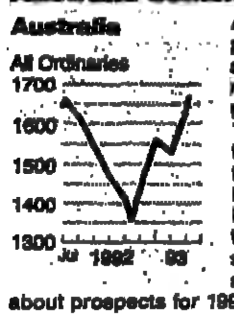


Colombia remains strongly committed to uniting coffee producers and a price-stabilisation pact, but has done unexpectedly well in the free market. A record harvest and unprecedented exports have stimulated a growing anti-pact lobby that is arguing for fundamental changes in national policy. Page 32

### Hutchison Whampoa optimistic

Profits at Hutchison Whampoa, the troubled Hong Kong conglomerate controlled by Mr Li Ka-shing, fell 5 per cent to HK$3.16bn (US$410m) for 1992. The result was above expectations and Mr Simon Murray, managing director, said 1993 would prove a turning point in Hutchison's fortunes. "I think we will do very well in 1993; it is going to be a good year," he said. Page 18

### Australia bullish amid bumps




Australia is in one of its periodic bull runs, although the All Ordinaries Index slumped 35 points on Monday to 1,628.4 in response to the unexpected re-election of Mr Paul Keating's Labor government. But heads have cooled and there are plenty of reasons why investors should be optimistic about prospects for 1993. Back Page

### Market Statistics



### Companies in this issue



### Chief price changes yesterday

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **FRANKFURT (DM)** | | | | [illegible] | 599 | + | 55 |
| **Rises** | | | | Legrand | 4717 | + | 132 |
| Rheinelektra | 1024 | + | 22 | **Falls** | | | |
| Schering | 772.5 | + | 7 | Fin Poliet | 501 | − | 54 |
| Sud Chemie | 445 | + | 5 | Fonc Lyonnaise | 631 | − | 19 |
| **Falls** | | | | Valeo | 763 | − | 32 |
| Asko | 655 | − | 30 | **TOKYO (Yen)** | | | |
| Dragerwerk | 269 | − | 10 | **Rises** | | | |
| Porsche | 470 | − | 8 | Dai-Ichi Secs | 419 | + | 49 |
| **NEW YORK ($)** | | | | Mitsui Tst & Bk | 849 | + | 100 |
| **Rises** | | | | Nippon Tst Bk | 495 | + | 60 |
| Ford Motor | 50¾ | + | 2⅛ | Yamaichi Secs | 850 | + | 72 |
| **Falls** | | | | Yasuda Tst & Bk | 795 | + | 100 |
| Anheuser Busch | 51½ | − | 2⅛ | **Falls** | | | |
| Glaxo | 16 | − | ⅛ | Fuji Denki | 1720 | − | 90 |
| SciMed Life | 38 | − | 3 | | | | |
| Tokos Medical | 7⅛ | − | 1⅛ | | | | |
| Westn Digital | 5⅜ | − | ⅜ | | | | |
| **PARIS (FFr)** | | | | | | | |
| **Rises** | | | | | | | |
| Cred Lyon | 540 | + | 16 | | | | |

New York prices at 12.30.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **LONDON (Pence)** | | | | Telemetrix | 120½ | + | 14½ |
| **Rises** | | | | Yorks-Tyne TV | 185 | + | 8 |
| Br Bloodstock | 57 | + | 3 | **Falls** | | | |
| Cattle's | 114 | + | 8 | BET | 95 | − | 5½ |
| Chesterfield | 253 | + | 28 | BensonsCrisps | 82 | − | 6 |
| Evans Halshaw | 288 | + | 19 | Breedon | 87 | − | 5 |
| Greycoat | 19 | + | 3½ | Brown Shipley | 39 | − | 4 |
| HTV | 36 | + | 6 | Eurocamp | 231 | − | 18 |
| Legal & Gen | 481 | + | 18 | Hospital Corp | 8½ | − | 2½ |
| MEPC | 418 | + | 13 | Kode Intl | 178 | − | 17 |
| Marley | 114 | + | 6 | Spring Ram | 53½ | − | 65½ |
| Sage | 598 | + | 34 | Trafalgar Hse | 69½ | − | 3 |
| Schroders | 1880 | + | 115 | | | | |
| Sleepy Kids | 33 | + | 6 | | | | |
| StanhopeProps | 23 | + | 3½ | | | | |

# BASF domestic sales fall 17% in two months

By Paul Abrahams in Ludwigshafen

BASF, the German chemicals group, yesterday underlined the deterioration of the German industry by stating that its domestic subsidiary, BASF AG, registered a 17 per cent decline in sales in the first two months of 1993 compared with the same period last year.

Mr Jürgen Strube, group chairman, said the situation in Germany had continued to weaken since the beginning of the year. Orders had fallen to an all-time low.

Unrelenting pressure on prices, the exceptionally low level of demand, particularly in Germany, and low utilisation rates had led to lower profits, said Mr Strube, although he insisted the group was still in the black.

In the first two months of 1993, the entire group's worldwide turnover fell 10 per cent on the same period last year. In west Europe, turnover fell 20 per cent. German chemical sales fell 17 per cent in January.

Mr Strube warned that in spite of cost cutting he no longer expected to match last year's profits in the first quarter. The chances of achieving 1992 profit levels in the full year were becoming increasingly remote. He said there were no prospects of a recovery in western Europe this year, and any improvement in BASF's 1994 results would be self generated.

BASF said it was accelerating its restructuring programme. A further 4,000 job losses were announced, as well as short-time working, plant closures and cuts in capital expenditure.

Last year had been a disappointment, said Mr Strube, who added he was not satisfied by the way BASF had performed in comparison with international competitors.

The company had experienced a dramatic collapse during the second half of 1992.

Group pre-tax profits for the year fell 41.3 per cent from DM2.11bn ($1.27bn) to DM1.24bn on turnover down 4.5 per cent at DM44.5bn. A 2 per cent increase in volume was offset by a 6 per cent fall in prices.

Only three of BASF's six divisions reported operating profits: agricultural products made a trading profit of DM45m (down from DM127m); chemicals posted a profit of DM881m (down from DM1.03bn); and dyestuffs and finishing products made a profit of DM600m (down from DM690m).

■ Newly combined group ahead 19% ■ Upbeat statement on shape of the merger

# Strong performance from Reed Elsevier

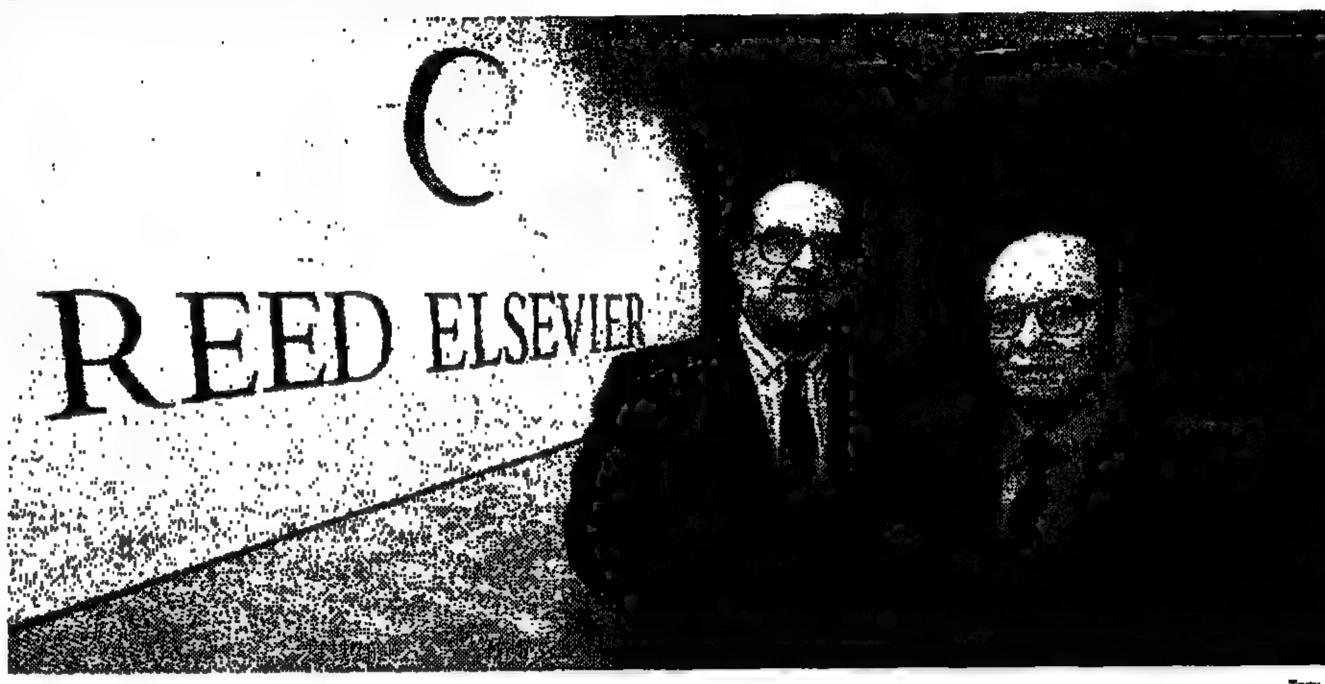
By Andrew Bolger in London

REED International and Elsevier, the UK and Dutch publishing groups which merged on January 1, said the fabric of their new organisation was taking shape.

Reed yesterday reported nine-month figures to bring it into step with Elsevier, which gave full-year results for 1992. From now on the merged group will report combined results, although both companies will retain their separate stock market listings in London and Amsterdam.

A strong performance by books and publishing caused Reed International to lift pre-tax profits 10.2 per cent to £137m ($201.4m) in the nine-month period to December 31. Scientific publishing helped Elsevier increase its 1992 operating profit before tax – which it traditionally regards as the best measure of its performance – by 19.3 per cent to Fl 618.2m ($331.3m).

The combined group produced a pro-forma statement for the year to December 31, which showed a 19 per cent increase in pre-tax profits to £412m in the year to December 31. Sales were 7 per cent higher at £2.46bn. Merger costs of £42m were taken as an exceptional item, as were restructuring costs of £12m, although these were unrelated to the merger.




Tony Andrews

Peter Davis (left), chief executive and Pierre Vinken, chairman: Reed was ahead 10 per cent and Elsevier by 19 per cent

Reed Elsevier said measures had been taken to ensure that the combined group's medical publishing companies were managed on a unified basis, the business-to-business operations in the US were merged, and the scientific journal businesses in the UK integrated. "Cost-savings have been identified in other parts of the business, but in the current year much of the benefit will be masked by the restructuring costs that follow such a significant merger."

The group's book, magazine and newspaper businesses had performed well in difficult economic conditions and would benefit from cyclical recovery. There was, however, little evidence this had started yet in the UK and in 1993 these markets were expected to weaken in the Netherlands.

Reed results, Page 21; Elsevier results, Page 17; Lex, Page 14

# LVMH tumbles to FFr3bn as Guinness slides

By Alice Rawsthorn in Paris

LVMH, the French luxury goods group, yesterday confirmed that it suffered a sharp fall in net profits from FFr3.7bn ($630m) in 1991 to FFr3bn last year, mainly because of the problems of Guinness, the UK drinks group in which it owns a 24 per cent stake.

Mr Bernard Arnault, chairman, was cautiously optimistic about 1993 for LVMH, which owns a string of prestigious brand names, including Louis Vuitton luggage and Hennessy cognac. "Even without an improvement in the economic environment LVMH should hold up well," he said. "If the environment improves we should benefit."

This time last year analysts were forecasting a sharp increase in 1992 net profits for LVMH to FFr4.4bn. The global luxury goods market has since been badly affected by the economic slowdown, particularly in Japan. The group has also been hit by the franc's strength following the September currency crisis.

The news earlier this year of Guinness' restructuring plans prompted LVMH to issue a warning that last year's profits would fall to FFr3bn because of the reduced income from Guinness. It affirmed yesterday that the contribution from the UK drinks group fell from FFr1.1bn in 1991 to FFr681m in 1992.

LVMH also saw sales fall from FFr22.04bn in 1991 to FFr21.68bn in 1992, due to economic difficulties and adverse currency changes. LVMH said that, on stable exchange rates, its sales would have risen 1.2 per cent.

Operating profits fell from FFr6.4bn to FFr5.5bn over the same period. The only division to show growth was perfumes and cosmetics, where operating profits rose from FFr636m to FFr809m, mainly due to the impact of recent fragrance launches. The worst affected division was champagne and wines, which saw operating profits fall sharply from FFr1.3bn to FFr780m.

Mr Arnault said the outlook for the group's European markets was still uncertain, although there were signs of fledgling recovery in the UK.

Guinness results, Page 16

# Losses at Skandia increase four-fold to SKr2.5bn

By Christopher Brown-Humes in Stockholm

SKANDIA, the leading Swedish insurance group, plunged to a SKr2.45bn ($314m) operating loss in 1992, more than four times the 1991 SKr580m deficit.

This followed heavy credit insurance losses, a big decline in property values and large claims from hurricane Andrew.

The group indicated last month that it would not pay a dividend after its net asset value fell 20 per cent in 1992 to SKr11.5bn.

In 1991 it paid a SKr4 per share dividend.

Premiums rose 26 per cent to SKr36.5bn from SKr29.0bn, mainly because of currency changes.

However, its management operating loss deepened to SKr3.64bn from SKr1.13bn, while its insurance loss rose to SKr479m from SKr441m.

The company said its insurance result was hit by a small number of very large claims and, in particular, hurricane Andrew, which caused SKr550m in losses. It reported a mixed development for its non-life insurance operations, with Sweden, Norway and Britain showing a positive trend, while Danish and Italian subsidiaries incurred losses.

Falling property values, both at home and abroad, cost the group SKr1.41bn while losses within the credit insurance sector amounted to SKr890m. The group was heavily exposed to two credit insurance companies, Svenska Kredit and International Credit, both of which collapsed last year.

The management operating result also included SKr1.09bn in costs to cover discontinued business. This included a SKr200m charge for restructuring the group's reinsurance operations and costs to run off business in its Pan Financial credit insurance company.

The company is aiming to cut its non-life reinsurance premium volume by 70 per cent within two years. Last year its non-life reinsurance operations recorded a reduced SKr124m loss, after a SKr582m deficit in 1991, on premium volume of SKr4.04bn.

The group did not give a forecast for 1993, but chairman Mr Bjorn Wolrath said: "We are now headed towards a clear improvement in results for the non-life operations."

He added that in the first two months of the year, rising share and bond prices had increased the group's net asset value by SKr1.5bn

# GPA says net assets have halved

By Roland Rudd and Robert Peston in London

GPA GROUP has told its shareholders that its net assets have more than halved, from $1.23bn to $520m primarily because it has been forced to compensate aircraft manufacturers for cancelling orders.

Separately it also emerged last night that banks have granted the financially troubled aircraft leasing group a further one-month waiver of breaches on its banking covenants, narrowly beating today's deadline.

A financier involved in the GPA restructuring also said that the group was very close to securing banks' approval to defer $1bn of debt repayments until 1996.

It has received 100 per cent votes in favour from providers of a Japanese club loan, worth $150m, and providers of an interim financing facility of $325m. On its two bigger facilities, it has received close to 100 per cent approval on one facility and almost 90 per cent on the other. This deferral of repayments is conditional on GPA succeeding in its attempt to raise $200m in new equity through a rights issue of convertible preference shares.

Mr Maurice Foley, the group's deputy chairman, said that in order to satisfy the banks, GPA needs to receive firm commitments for $100m of this equity within a month and the rest within a further three months.

He said that slightly more than half of the equity would have to come from new investors, because one third of its existing shareholders are too financially stretched to subscribe for the convertible shares and another 20 per cent are unlikely to do so.

"We are talking to between three and six potential investors", he said. As yet none of GPA's existing shareholders have committed themselves to taking up their rights.

The restated net asset figure is included in a document sent to shareholders. Mr Foley said the net asset figure was a "pro forma" estimate.

He said that net assets could turn out to be different, "either higher or lower", when the accounts are audited.

On the basis of the estimate, net assets per share are $4.25, compared with $10.10 last March.

# General Dynamics in $618m pay-out

By Martin Dickson in New York

GENERAL DYNAMICS, the US defence contractor, yesterday announced a $618m special cash distribution to shareholders and a management reorganisation which includes Mr William Anders, chairman and chief executive, quitting day-to-day operations to become its non-employee chairman.

The group said the restructuring, which includes sharp cuts in headquarters staff and the elimination of two layers of senior management, was designed to streamline costs and make sure its corporate governance was in keeping with the "best practices of the 1990s".

Mr Anders, a former astronaut, has carried out the most radical contraction by any US defence contractor in the post-cold war era since he become chairman at the start of 1991. He has sold off many of General Dynamics' businesses and last year distributed part of the proceeds to shareholders through a $975m stock buy-back.

Yesterday the company announced a further distribution in the form of a special $20 a share payment to the holders of its 30.9m shares.

It said that as it moved through 1993 it would evaluate whether additional special distributions or stock purchases were appropriate.

A pay-out had been widely expected on Wall Street following completion several weeks ago of the company's sale of its tactical military aircraft business to Lockheed for $1.52bn. This took General Dynamics' cash balances to more than $2bn.

The company's shares, which stood around $25 when Mr Anders became chairman, rose $1¼ in morning trading on the New York Stock Exchange yesterday to $118¼.

It is combining the roles of chief executive and chief operating officer in the person of Mr James Mellor, 62, who is currently chief operating officer, and eliminating the roles of three executive vice-presidents immediately below him.

Mr Anders will become non-employee chairman at May's annual meeting, and will continue to have responsibilities for "corporate strategy and oversight". The company's vice-chairman, Mr Harvey Kapnick, will also become a non-employee, while remaining a director. Mr Mellor will then be the only employee member of the board.

# Production chief steps up to chairmanship of BMW

By Christopher Parkes in Frankfurt

BMW, the current star of the German motor industry, has replaced its retiring chairman with the youngest member of the board.

Mr Bernd Pischetsrieder, 45, currently responsible for production, will take control at the luxury car group's annual meeting on May 13.

At the same time, Mr Eberhard von Kuenheim, 64, the outgoing chairman, will propose an unchanged dividend of DM12.50 on ordinary stock and DM13.50 for preference shares.

Bolstered mainly by the launch of the new 3-Series, and outselling rival Mercedes-Benz for the first time, BMW managed to ride through the worst of the downturn which cut Volkswagen's earnings by 87 per cent last year.

Even so, net group profits shrank to DM726m ($436m) compared with DM783m, on sales up almost 5 per cent to DM31.2bn.

The figures reflect the sharp downturn in the domestic market which hit all German automotive groups in the second half of the year. At the halfway mark BMW's earnings were up 10.5 per cent and turnover had risen 12 per cent.

Mr von Kuenheim said in January that unit sales would fall during 1993.

The appointment of a young engineer to the top post reflects both BMW's self-confidence in the face of recession and a noticeable trend across the industry towards handing power to the younger generation.

Mr Pischetsrieder's place on the board will be filled by Mr Joachim Milberg, 49, an engineering academic whose industrial experience includes a spell at Gildemeister, the machine tool manufacturer.

Mr von Kuenheim is expected to take over as chairman of the group's supervisory board.

# Ciga rescue package threatened

By Haig Simonian in Milan

CIGA, the Italian hotels group controlled by the Aga Khan, has agreed to suspend any independent action to resolve its severe financial difficulties pending a study by Mediobanca on how to reduce its debts.

The decision, which followed a formal request from Ciga's creditor banks, makes virtually certain the collapse of the rescue package worked out by the company last December. Ciga then agreed to sell the majority of its Italian hotel-owning subsidiary to Situr, a fast-expanding private property and leisure group, for L301bn ($187m).

The deal, which was subject to approval from Ciga's creditor banks, received a very cool response from the bankers. Separately, Situr, which recently made unspecified claims of irregularities in Ciga's accounts, threatened to pull out if agreement were not reached by the end of this month.

Mediobanca is to study alternative plans for Ciga to reduce its debts, which amount to about L1,000bn, on behalf of the creditor banks. While that is under way, the company has agreed not to take any decisions other than those concerning its everyday activities.

Preliminary results showed Ciga's group turnover rose by 10 per cent to L510bn last year, while the number of guests staying increased 8.9 per cent to 1.34m. Publications of figures for group earnings is likely to be delayed for some time, possibly until June. In 1991, group losses almost tripled to L98.9bn.

The company firmly rejected the accusations of irregularities in its accounts made by Mr Luigi Clementi, Situr's managing director, and accused Situr of breaking the agreement on silence which the two sides had undertaken during the negotiations. Ciga said "such false insinuations will be firmly refuted".

# Guinness confident despite 12% fall

By Philip Rawstorne in London

GUINNESS, the UK brewing and spirits group, expects to make "steady progress" this year after a 12 per cent slide in 1992 pre-tax profits to £795m ($548m) – its first setback for 13 years.

Mr Tony Greener, chairman and chief executive, said the group's brands were performing creditably and marketing expenditure was being increased.

"Our strategy for the future is one of organic growth, and we have demonstrated our ability to perform in this way through the recession," Mr Greener said.

Group profits last year were hit by an exceptional charge of £125m: £77m for restructuring the Cruzcampo brewing business in Spain, and £48m for reorganising Scotch whisky production.

Spirits profits, before exceptional costs, improved 3 per cent to £769m on turnover 6 per cent ahead at £2.58bn. Overall, Scotch whisky volumes were flat but premium and deluxe brands increased sales. Profits were well ahead in the rest of the Asia Pacific region, and also improved in the US, South America, and most European markets.

Brewing profits, before restructuring costs, rose 3 per cent to £252m on turnover of £1.75bn, 10 per cent higher.

The contribution from LVMH, the French luxury goods group in which Guinness has a 24 per cent stake, fell to £101m from £123m.

Lex, Page 14

# Daimler-Benz stays silent over banker

By David Waller in Frankfurt

DAIMLER-BENZ, Germany's largest industrial company, yesterday refused to be drawn into the controversy generated by remarks from a board director of the Deutsche Bank.

Mr Ronaldo Schmitz, director of the Deutsche Bank responsible for corporate finance, on Wednesday said both groups wanted to see Deutsche's stake in Daimler reduced from the current level of 28 per cent.

Daimler said yesterday that Mr Edzard Reuter, chief executive, had held discussions with Mr Hilmar Kopper, Deutsche Bank's chief executive and his predecessor, Mr Alfred Herrhausen, over the level of the holding. But Daimler insisted that there were no talks on the issue and no plans for the stake to be cut.

Mr Schmitz told investors on Wednesday that "there are those in the bank who may feel sorry not to have got out [of Daimler-Benz shares] when the price was better".

He said: "There is a consensus within the bank and Daimler Benz that it is in the interests of both entities that the stake does not remain at 28 per cent for too long."

Although Mr Schmitz said there were no immediate plans to cut the stake, the report of his comments triggered a fall in Daimler's share price by DM8.10 to DM606.20. It recovered after Deutsche Bank put out a statement repeating that there was no intention to sell the stake and Mr Schmitz's remarks had been misinterpreted, closing at DM613.50.

Mr Schmitz's comments came at a sensitive time as Daimler is in the throes of a major restructuring involving significant job losses and a reorientation of the core automobile business at Mercedes Benz.

Profits for 1992 are likely to fall by almost a quarter to DM1.5bn. Deutsche Bank has had the Daimler stake for over 60 years.

Sanguine view from the top, Page 14

# GAN warns of steep profits decline

By Alice Rawsthorn in Paris

GAN, one of France's largest insurance groups, yesterday warned of a sharp decline in net profits to FFr400m ($71m) in 1992, from FFr2.32bn in 1991, because of the competitive state of the insurance sector and its exposure to the fragile property market.

The group, a state-controlled company which is a candidate for privatisation under the conservatives – firm favourites to win this month's parliamentary elections – was also affected last year by a fall in the value of its asset sales and the poor performance of CIC, its banking subsidiary.

GAN, which will announce its final results for 1992 in late April, is the latest leading French insurance group to have reported poor figures for last year. The insurers have for several years been struggling in intensely competitive markets for both life and damage insurance.

However the recent economic squeeze has aggravated these problems by making it more difficult for the insurers to compensate by raising money from asset sales. It has also forced them to make steep provisions on the value of their property portfolios and industrial investments.

Union des Assurances de Paris (UAP), the state-controlled company which is France's biggest single insurer, recently reported a fall in net profits from FFr3.8bn in 1991 to FFr1.1bn in 1992. Axa, the largest private sector insurer, saw profits slide from FFr2.4bn to FFr1.5bn over the same period.

GAN has been particularly badly affected because of its exposure to the property sector. It managed to increase turnover by 10 per cent (on a constant basis) to FFr43.8bn last year with its bank-insurance interests representing a quarter of the total.

The life insurance business remained profitable, but GAN experienced problems in the damage sector. These difficulties were compounded by a decline in profits from CIC, which was hit by the strains on the small business sector.

# SCA cushioned by hygiene side contribution

By Christopher Brown-Humes

SCA, Sweden's second largest pulp and paper group, yesterday announced a SKr451m ($58m) profit after financial items for 1992.

A strong performance from its Mölnlycke hygiene division helped to cushion "extremely unfavourable" conditions for traditional forest industry products.

The result was 63 per cent down on 1991's SKr1.22bn profit but it stood in sharp contrast to the company's two leading domestic competitors, Stora and MoDo, both of which have disclosed deep losses for 1992. SCA is holding its dividend at SKr3.20 per share.

SCA said it expected 1993 profits after financial items to rise to SKr1bn-SKr1.5bn, even though conditions remain very difficult and falling prices have eroded much of the benefit from the devaluation of the Swedish krona. Sales fell to SKr32.1bn from SKr32.7bn, reflecting price and volume pressures resulting from industry overcapacity.

SCA benefits from having a more diversified range of products than other Swedish forestry groups and Mölnlycke, in particular, has proved a recession strength. It boosted operating profits by 24 per cent to SKr901m as sales rose to SKr12.5bn from SKr11.6bn.

The group's packaging business was hit by lower prices and volumes, with operating profits falling to SKr462m from SKr607m on a 5.5 per cent drop in sales to SKr8.98bn. Graphic paper plunged to a SKr313m loss from a SKr186m profit, on sales down to SKr5.07bn from SKr5.39bn. Forest and timber activities saw operating profits fall 20 per cent to SKr375m, as sales declined to SKr3.52bn from SKr3.69bn.

Restructuring had a positive impact, with annual costs now SKr2bn lower than in 1990. Staff numbers fell 4,200 to 26,600 during the year as part of an overall plan to cut 6,500 jobs between 1990 and 1994.

Net earnings after tax rose from SKr901m to SKr6.2bn, after taking in SKr5.86bn in extraordinary gains, mainly related to the sale of the group's energy business. The disposal has cut group debt from SKr17.6bn to SKr10.8bn.

# French bank up by 7.6% despite sector pressure

By Alice Rawsthorn

CREDIT Commercial de France (CCF), the French banking group, saw net profits rise by 7.6 per cent to FFr978m ($173m) last year from FFr909m in 1991, in spite of the strains on the banking market.

The French banks have in the past year come under intense pressure because of the impact of the slowdown, which has depressed demand for credit from consumers and industry, and the fall in value on their investments in property and industry.

Mr Michel Pébereau, chairman, said CCF, which earlier this year joined forces with BHF Bank of Germany to take a significant stake in Charterhouse, the London-based merchant bank, had been affected by the pressures on the banking market. However, he said, it managed to maintain growth because of cost cutting, productivity gains and prudent provisioning.

The group saw net banking income rise by 3.1 per cent, just above the French inflation rate, to FFr7.86bn from FFr7.62bn in 1991. Cost-cutting measures produced a slight fall in operating costs to FFr5.15bn from FFr5.19bn over the same period and gross operating profits rose to FFr2.38bn from FFr2.06bn.

CCF also managed to restrain provisions at a manageable level, mainly because it is less exposed than other banking groups to the most vulnerable areas of the economy, notably commercial property and small businesses.

The level of provisions rose to FFr1.26bn from FFr1.15bn.

# Money market deals push Kredietbank ahead 14%

By Lionel Barber in Brussels

KREDIETBANK, Belgium's third-largest bank, has boosted consolidated net profits by 14.3 per cent for the nine months to the end of December 1992.

The growth in earnings was bolstered by a 41 per cent increase in money market activity, notably currency swaps and options.

A net dividend of BFr185 for ordinary shares and BFr233.58 for the AFV special shares is to be considered at a general meeting on April 29, as compared with BFr183 and BFr231.45 respectively in 1991-1992.

The bank's financial year was shortened to nine months in line with the move to achieve a single balance sheet for the Almanij-Kredietbank group, and was marked by a weak economy at home and abroad.

On an annualised basis, consolidated net profits of BFr7.3bn ($214m) would rise to BFr8.5bn, an increase of 14.3 per cent. Earnings per share amounted to BFr515 (BFr525) over the nine months.

In spite of narrower margins, brought about by the inverted interest rate structure and fierce competition, Kredietbank group increased its gross income by 7.7 per cent and lifted its return on shareholders' capital to 12.3 per cent.

Costs rose 5.1 per cent, while depreciation and write-downs amounted to BFr11.8bn. The bank described the provision as a modest 4.4 per cent rise, but said it had made a "substantial" allocation to internal reserves to cover latent risks.

## INTERNATIONAL COMPANIES AND FINANCE

# Bayerische Vereinsbank ahead 24% to DM1.48bn

By David Waller in Frankfurt

BAYERISCHE Vereinsbank, one of Germany's two large Bavaria-based banks, yesterday demonstrated the banking sector's continuing resilience to the country's worsening economic downturn.

The bank reported that partial 1992 operating profits - excluding the result from own-account trading - were up by 24.1 per cent to DM1.48bn ($889m).

Vereinsbank, the first of Germany's "big five" commercial banks to report preliminary figures for 1992, increased total group operating profits by 32.5 per cent to DM1.62bn.

At the parent company level, total operating profits rose by 35.6 per cent to DM1.06bn.

The dividend is DM13 per share, the same as in the previous six years.

The figures were ahead of expectations and seem likely to confirm analysts' expectations of excellent profit figures from most of the large banks.

Vereinsbank's Bavarian competitor, Hypo-Bank, is expected to increase partial-operating profits by 25 per cent, while Commerzbank and Dresdner Bank are likely to produce double-digit profit growth. At Deutsche, the largest bank, profits are likely to slip from the record level of 1991.

Vereinsbank will not disclose net profits - calculated after provisions for bad debts - until its press conference, which is scheduled for Monday.

Analysts are worried about the impact of the worsening economic environment on the bad debt situation.

The two Bavarian banks have done better than their larger, Frankfurt-based competitors because their business is less exposed to commercial lending: a much larger share of business is mortgage, construction-related loans.

While loan demand has slowed significantly at the bigger banks, the Bavarians have benefited from their exposure to the construction sector - one of the few areas of the German economy which is still thriving.

# Lufthansa cuts losses as sales grow 4.5%

By David Waller

LUFTHANSA, the struggling German airline, cut its pre-tax losses by DM31m to DM300m ($180.3m) last year. Its after-tax loss will be DM380m, a DM60m improvement on the previous year.

Lufthansa said 1992 sales revenue rose by 4.5 per cent to DM15bn, lower than the 11.3 per cent increase in passenger volume announced earlier this year.

It did not comment on current-year trading yesterday and will release full details of last year's figures in May.

"The market price for air transport services in 1992 was substantially below the previous year's level," Lufthansa said.

The airline was hit by intense competition and the strength of the D-Mark in the aftermath of last September's currency market turmoil.

Lufthansa did not quantify the impact of currency changes for the full year, but the appreciation of the D-Mark hit profits by DM254m in the first nine months, Lufthansa revealed in November.

The airline said that investment was reduced cut last year by 30 per cent to DM1.7bn, down from DM2.4bn in the previous year.

Lufthansa said it had shed 2,000 jobs during the course of 1992, taking the workforce to a total of 42,292 people at the year-end.

The reduced losses for last year had been expected after Lufthansa said last November that it had made a profit of DM280m in the third quarter of the year, having made its first monthly profit of the year in September.

It warned at that time that it would revert to losses in the last three months of the year.

The reduced losses are in part due to an accounting change under which Lufthansa now writes down aircraft over 12 years to a residual value of 15 per cent, as a result of which the annual depreciation of these assets will fall from 9.5 to 7.1 per cent.

# Gulf Canada suspends dividends

By Bernard Simon in Toronto

GULF Canada Resources, the troubled Calgary-based energy company controlled by Olympia & York Developments, has suspended payment of preferred share dividends and announced numerous asset sales.

The measures are designed to cut the company's C$1.6bn (US$1.27bn) debt and pave the way for an equity issue. Dividends on common shares were eliminated last June.

Gulf Canada is 75 per cent owned by O&Y, which last week emerged from bankruptcy protection.

However, O&Y's Gulf shares are effectively controlled by the creditors to whom they were pledged. The creditors can take legal title on 30 days' notice.

Gulf said it hoped to raise C$400m from the sale of its Arctic drilling business, as well as the planned disposal of some oil and gas properties in western Canada and its 22.8 per cent interest in Home Oil of Calgary.

The Home Oil stake has been for sale for more than a year. Mr Chuck Shultz, Gulf's chief executive, said interest from prospective buyers has increased in recent months. GW Utilities, another O&Y subsidiary, has a 41 per cent stake in Home Oil.

The Kulluk drilling unit and two support vessels have been sold to Amoco's Canadian subsidiary. Terms were not disclosed, but Amoco said that the deal gave it an opportunity to expand its Arctic fleet at well below replacement cost.

Gulf suffered a C$302m loss in 1992, about two-thirds of which consisted of a write-down on its now-terminated investment in the Hibernia oil project off the coast of Newfoundland. The company abandoned a C$175m share issue last year.

In addition to its Canadian business, Gulf has interests in oil and gas fields in Indonesia and Russia.

# Elsevier in line with forecasts

By Ronald van de Krol in Amsterdam

ELSEVIER, the Dutch publishing group, saw strong increases in profits in 1992, in line with forecasts made last year after the announcement of its plans to merge with Reed International of the UK.

The Dutch company, which will retain its listing on the Amsterdam stock exchange, said operating profit before tax - which it traditionally regards as the best measure of its performance - rose by 19.3 per cent to Fl 618.2m ($329.7m).

Net profit was up 12.8 per cent at Fl 433.9m, while sales advanced by 7.2 per cent to Fl 2.43bn.

Elsevier, whose merger with Reed to form Reed Elsevier took effect on January 1, said it would lift its dividend by 16 per cent to Fl 2.61.

Scientific publishing, the company's biggest and most profitable business, posted further gains last year.

This was caused in part by the fact that Pergamon Press of the UK was consolidated for the full year for the first time since the UK company was purchased from the late Robert Maxwell in mid-1991.

However, sales of scientific books were below expectations.

In its professional and business publishing divisions, Elsevier reported profit gains for Excerpta Medica, the electronic medical database, as well as for Congressional Information Service of the US.

Elsevier, which has gradually moved away from consumer publishing because of its dependence on cyclical advertising spending, said that its Dutch newspapers were mired in a depressed market, with lower advertising volumes putting profits under pressure.

However, its Bonaventura subsidiary, which publishes news, fashion, music and car magazines, posted sharply higher results.

# Legal moves by creditors could delay agreement on O&Y debts

By Bernard Simon

TWO of the biggest creditors of Olympia & York's US operations have threatened to delay implementation of numerous debt-restructuring agreements unless progress is made in setting up a new board of directors for the developer's US subsidiary.

Sanwa Bank and Citibank detailed their complaints in a filing to a New York bankruptcy court that revealed disagreements between O&Y's creditors in the US and Canada. The filing alleged that the management of the US subsidiary, Olympia & York Realty Corp (OYRC), had been paralysed by these disagreements and by the delays in reconstituting OYRC's board.

According to the filing, "current management of the US properties does not know to whom it should report and on what terms."

It added that "US creditors of Olympia & York will continue to refuse to consummate numerous out-of-court restructurings as the authority of current management is in doubt."

The dispute stems from petitions for Chapter 11 bankruptcy protection made by some of O&Y's US subsidiaries at the same time as the Canadian parent, Olympia & York Developments (OYDL), sought court protection last May.

However, O&Y's US buildings, under OYRC, were not included in the court protection. OYRC's New York-based management has been trying to keep the properties outside Chapter 11 bankruptcy proceedings by selling some assets and negotiating debt-restructuring agreements with the creditors of others.

OYDL emerged from bankruptcy protection last week. It is now managed by an administrator, who acts on the advice of a monitoring committee, comprised of creditors.

# Charge pushes Seagram to $900m loss

By Robert Gibbens in Montreal

SEAGRAM, one of the world's top four drinks groups, took the brunt of new US accounting rules in fiscal 1993, resulting in a US$900m loss.

A special charge of US$1.4bn was taken in the 12 months ended January 31 to cover post-retirement medical benefits. Seagram owns 24.3 per cent of Du Pont, the US-based chemicals giant, and most of the charge represents its share of Du Pont's medical benefits provision.

Seagram warned shareholders in January of the non-cash charge. The costs could have been amortised over 20 years, but the company chose to take the charge immediately.

The final loss was equal to $2.38 a share. In fiscal 1992, profit was $727m, or $1.92 a share.

However, before all special charges, Seagram posted a profit of $677m in fiscal 1993, up slightly from fiscal 1992 on the same basis.

Seagram's fiscal 1993 revenues from its drinks business totalled $6.1bn ($6.3bn) and operating income was $777m ($760m).

Final net profit was reached after including dividends and unremitted earnings of Du Pont.

Fourth-quarter final earnings were $46m, or 12 cents a share, against $197m, or 52 cents, a year earlier, on revenues of $2.01bn, against $2.06bn.

# Ahold to increase payout by 10%

By Ronald van de Krol

AHOLD, the Dutch-based food retailer, is to lift its dividend by 10.6 per cent, matching the increase reported yesterday in 1992 full-year results.

The company also said that it would conduct a one-for-10 rights issue later this year, with details to be released on April 14.

Ahold posted 1992 net profit of Fl 305.0m ($163m) last year from Fl 275.8m the year before, on sales up 7.3 per cent at Fl 22.3bn. The dual-currency dividend is to be raised to Fl 1.15 and $0.45 a share from Fl 1.05 and $0.40 last year.

The company said net profit would have been Fl 8.1m higher but for the 6 per cent decline of the dollar against the guilder. Ahold generates half of its annual sales in the US, where it operates four leading supermarket chains.

US operating profit rose by 16.8 per cent to $169.6m, thanks to increased results at three of its four chains.

In the Netherlands, where the group's Albert Heijn chain is the market leader, operating results were up 14 per cent at Fl 222.1m.

Overall, consolidated operating profit rose by 11.3 per cent to Fl 519.4bn. However, interest expenses increased by nearly 12 per cent to Fl 156.0m.

# Allstate to float 88m shares

By Nikki Tait in New York

ALLSTATE, one of the largest property-casualty insurance companies in the US, said yesterday it planned to float up to 88m shares on the stock market.

Allstate's filing with the Securities and Exchange Commission revealed a maximum offering price of $26 a share. The company is wholly-owned by the Sears, Roebuck retail and financial services group.

If all the shares were sold to investors, they would represent around 20 per cent of the group's equity. Sears, Roebuck, which announced plans last year to spin off substantial parts of its financial services business, would retain an 80.1 per cent interest in Allstate.

The Illinois-based insurer, badly hit by heavy catastrophe claims last year, will use the proceeds from the initial public offering (IPO, the US term for a flotation) to shore up the capital base of Allstate Insurance Company, its main operating company, and repay short-term borrowings.

Allstate made a net loss of $825m last year, against a $723m profit in 1991. Had Hurricane Andrew losses and accounting changes been excluded, Allstate's profits would have stood at $1.17bn.

Of the 88m shares being floated, 68.5m will be offered to US investors, while 10m will be sold outside the US.

A further 9.5m will be available to US underwriters in the form of over-allotment options, and up to an additional 1.5m shares for international underwriters.

If the over-allotment options were exercised in full, Allstate would have 450m shares outstanding.

The Allstate IPO is the third element of Sears' retrenchment from the financial services industry. The company has sold a 20 per cent stake in Dean Witter, Discover, netting about $800m, and has said talks with potential purchasers of its Coldwell Banker real estate business are at the due-diligence stage.

HONG KONG RESULTS

REPORTS BY SIMON HOLBERTON

# Hutchison Whampoa declines 5%

HUTCHISON Whampoa, the troubled Hong Kong conglomerate controlled by Mr Li Ka-shing, yesterday posted a 5 per cent fall in profits before extraordinaries to HK$3.16bn (US$410m) for 1992, from HK$3.32bn the year before.

The slightly better-than-expected results were struck on a 9.5 per cent rise in turnover to HK$21bn from HK$19.2bn.

Profits after extraordinary items, meanwhile, fell to HK$3bn from HK$4.3bn. An extraordinary loss arose from the closure of certain "peripheral overseas telecommunications operations" and a provision against an associated company.

Hutchison declared a final dividend of 39 cents a share, making 55 cents for the year – a 19 per cent cut on the payout in 1991. Mr Simon Murray, managing director, said 1993 would prove a turning point in Hutchison's fortunes. "I think we will do very well in 1993; it is going to be a good year."

Mr Murray scotched rumours that he was about to resign from the company. The rumours had made "good gossip", he said, but were far from the truth.

"I am here, and Mr Li has not given me any indication that he wants me to go." Separately, Mr Li said yesterday he and Mr Murray were "still working happily" together.

Mr Murray said that if provisions against Hutchison's investment in Husky, a Canadian oil and gas producer, were added back, profits before extraordinaries would have been HK$4.6bn, 15 per cent higher than in 1991. He predicted that Husky, in which Hutchison holds 49 per cent, would earn profits in 1993. In the year under review, it incurred a modest loss but, he noted, was generating free cash-flows of C$200m (US$161m).

On Hutchison's telecommunications investments, Mr Murray said its 64 per cent owned UK company had made a loss and would incur a larger loss in 1993.

It is launching a mobile telephone network in the UK and has invested £300m (US$435m) of a planned £800m in the venture. British Aerospace holds 30 per cent and Barclays Bank 5 per cent in the company.

Mr Murray stuck to his view that the UK venture would show excellent profits by 1995. Many analysts believe Hutchison has taken a big risk with the business, saying it has large costs and unproven technology.

Mr Li emphasised Hutchison's efforts to invest in mainland China during 1992. Direct foreign investment in China had become easier and more attractive, he said.

Hongkong International Terminals, Hutchison's container port operator, had signed joint venture agreements with the authorities in Zhuhai and Shanghai to develop port facilities.

He said Hutchison was focusing on developing retailing and manufacturing in selected cities in China. It was also pursuing property development projects in Guangzhou, Shanghai and Qingdao.

Li Ka-shing: a good year for his Hong Kong flagship

# Cheung Kong 28% ahead

CHEUNG KONG, Mr Li Ka-shing's flagship Hong Kong group, yesterday reported a 28 per cent rise in net earnings to HK$6.2bn (US$800m) for 1992 from HK$4.88bn in 1991.

The result, which was within the market's forecast range, was achieved on virtually static growth in turnover to HK$10.3bn from HK$9.9bn.

Underlining what an exceptional year 1992 was for property development companies in Hong Kong, Cheung Kong's operating profits – at HK$3.4bn – were three times those earned in 1991.

The directors declared a final dividend of 60 cents a share making 80 cents for the year – a rise over 1991 of 18 per cent.

Mr Li expects economic conditions in Hong Kong and China to provide the basis for the improved performance of Cheung Kong in 1993.

The group signed five joint venture deals with mainland parties to develop property in China last year, principally in Shanghai, Guangdong and Hainan. Mr Li said the economic reforms the Chinese government was pursuing were encouraging.

The property market in Hong Kong stabilised in 1992, but with the overall economy remaining robust he expected the market for small to medium-sized flats – the market which Cheung Kong dominates – to improve towards the end of the year.

# Mandarin earnings rise to $40m

MANDARIN Oriental International, the Jardine-controlled hotel group, yesterday reported an 8 per cent rise in net 1992 earnings to US$40.3m from US$37.5m in 1991.

Turnover rose 16.5 per cent to US$148.4m from US$127.2m. The company will pay a final dividend of 3.59 cents a share, making 5 cents a share for the year – the same as in 1991.

Mr Simon Keswick, chairman, said 1992 marked a return to profit growth for the company. He said the start to 1993 was encouraging and in line with expectations.

Turning to 1992, Mr Keswick painted a picture of uneven performance throughout Asia. Its hotels in Hong Kong and Philippines witnessed a pick-up in business.

In Thailand and Indonesia, they fared less well due to political disturbances in the former and tough market conditions in the latter.

He said Mandarin Oriental was continuing to pursue opportunities in the region. He gave an an example its plan to operate a hotel in Kuala Lumpur.

# Sharp upturn for Swire Pacific

A SPARKLING year for property development helped Swire Pacific, the Hong Kong-based aviation, property and trading group, boost 1992 net earnings 43.5 per cent to HK$4.4bn (US$570m) from HK$3bn in 1991.

The result, which was at the top end of analysts' expectations, was achieved on a 16 per cent rise in turnover to HK$38.9bn from HK$33.6bn. Cathay Pacific, the airline, contributed about HK$1.5bn to profits both last year and in 1991.

Mr Peter Sutch, chairman, said Swire Properties' profits had been substantially higher than in 1991. This reflected significant increases in income from the office, retail and residential parts of its showcase Pacific Place development on Hong Kong island.

He said Swire Properties had earned exceptional profits of HK$998.2m from the sale of some office and residential properties, and the sale of an option to buy a property to Sun Hung Kai Properties. Analysts said the property group's contribution to operating profits rose by 114 per cent.

The industries division performed well last year, and strong growth was expected in 1993, Mr Sutch said. Swire Bottlers in Hong Kong had a successful year and was benefiting from the centralisation of its bottling in a single plant. The US and China both performed well, he added.

The trading division's profits edged ahead, with improved performance from all its main businesses, particularly those in Taiwan, he said.

Swire Properties' property investment portfolio had grown and continued growth in rental income was expected. Mr Sutch repeated his warning that 1993 was likely to be a more difficult year for Cathay Pacific than 1992, but overall the outlook for Swire Pacific was encouraging.

The directors declared a final B share dividend of 14.8 cents a share, making 20.6 cents for the year – a rise of 15.7 per cent over 1991. The final A share dividend was 74 cents a share making HK$1.03 a share – up 15.7 per cent.

# Haeco agrees on $63m China venture

HONG Kong Aircraft Engineering Company (Haeco), the Swire-controlled civil aviation maintenance company in Hong Kong, yesterday said it had reached agreement to construct and operate a US$63m aircraft maintenance facility at Xiamen in China.

Haeco will join with the China Xiamen Corporation for International Techno-Co-operation (CXIC) to form Taikoo (Xiamen) Aircraft Maintenance Company (Tamco).

Haeco will take 41 per cent of the joint venture, Cathay Pacific will take 10 per cent and CXIC 20 per cent. Ownership of the remaining 29 per cent of the equity has yet to be placed.

The facility in Xiamen – a special economic zone in Fujian province – will consist of a hangar capable of accommodating two Boeing 747s, together with supporting workshops. It is expected to be operational in 1996 and will be financed equally by equity and bank loans.

Mr Shi Zhao-bin, secretary general of the Xiamen Communist party, said that the local government would make every effort to ensure the "smooth implementation of the project".

# Japanese brokers declare a new-found confidence

## Doubts remain about the durability of the rally on the Tokyo stock exchange, writes Robert Thomson

WHEN executives of Japan's leading brokerages paraded through the stock exchange building yesterday, announcing downward revisions of optimistic profit forecasts, they tentatively suggested that the worst of the three-year stock crisis may be over.

The revisions left only Nomura Securities expecting a net profit this year, a modest Y2bn ($17m), but the figures were not as unsightly as was likely in early February, when daily turnover on the Tokyo exchange was a mediocre 200m shares and the government intensified its campaign to prop up stock prices.

Japanese brokers' new-found confidence comes from an unexpected surge in trading volumes this month and from a turnaround in their own share prices. However, doubts remain about the rally's durability, and there are fears that a large wave of selling will knock the market down again when the new fiscal year begins on April 1.

"It is difficult to predict the future, but things may be getting better," said Mr Takashi Emmei, vice-president of Yamaichi Securities, which expects a pre-tax loss of Y39bn, following on a Y53.2bn setback in the previous year. It had forecast earlier that it would break even this year.

Like the other Big Four brokers, Yamaichi's losses would be larger but for the stock market's renewed vigour and the robustness of the domestic bond market. Nomura expects profits of about Y35bn from its bond operations and will be helped by a Y18.48bn extraordinary profit on the sale of an Osaka office building to another member of its group, Nomura Land and Building.

Despite yesterday's announcements, brokers' final results will be heavily influenced by the movement of the Nikkei index over the next two weeks. The higher the year-end close, the lower the amount they will be forced to write-off as stock appraisal losses, which a friendly finance ministry allowed them to defer at the end of the first-half.

These write-offs could be particularly damaging for the 10 second-tier brokers. They forecast losses ranging from Y9.2bn at Tokyo Securities to a daunting Y50.3bn at Kankaku Securities, which had previously expected a more modest loss of Y21bn.

The second-tier brokers are more reliant on commissions, making their profits more vulnerable during periods of weak prices and turnover. At it lowest moments this year, turnover was one-tenth of that seen during the "bubble" years of the late 1980s.

Ms Mineko Sasaki-Smith, senior economist at Credit Suisse Research Japan, said the recent surge in turnover was due partly to increased interest in shares, but brokers were also trading heavily on their own accounts and public funds were still being pumped into the market. She said that, at present income levels, one of the mid-sized brokers would have to cut staff by 90 or more per cent to ensure a profit.

Until now, Japanese brokers have announced "restructuring" plans seemingly based on expectations of a market turnover of around 400m shares a day, far above the level for much of this year. If the houses interpret the present revival of the market as a reason to delay deeper cuts in expenses, they will find it difficult to avoid a third year of embarrassing losses.

But Mr David Snoddy, financials specialist at Jardine Fleming, said the brokers were fortunate in that, unlike Japanese banks, their problems were to be found in the profit and loss statement, not on the balance sheet. "It's easier to address the P&L problem – they just have to keep cutting costs."

**JAPANESE BROKERS**
**Estimates for year ending March 1993 (Ybn)**

| | REVENUE 1993 | REVENUE 1992 | PRE-TAX PROFIT 1993 | PRE-TAX PROFIT 1992 | NET PROFIT 1993 | NET PROFIT 1992 |
|---|---|---|---|---|---|---|
| Nomura | 345 | 421.7 | 0 | 44.1 | 2 | 31.8 |
| Daiwa | 240 | 321.1 | -8 | 9.3 | -10 | -43.5 |
| Nikko | 230 | 287.9 | 0 | 3.1 | -11 | -25.9 |
| Yamaichi | 165 | 231.4 | -39 | -86.5 | -48 | -53.2 |

# Three banks have credit ratings lowered

By Emiko Terazono in Tokyo

MOODY'S Investor Service, the US ratings agency, has lowered credit ratings of three Japanese trust banks due to continued asset-quality problems.

Property-related loans have exposed the country's trust banks to increasing bad loans, while heavy reliance on asset-management businesses focusing on property and stocks has depressed their core profits.

Moody's lowered the long-term rating of Mitsui Trust and Banking to Baa2 from A3. Mitsui is providing financial aid to Dai-Ichi Real Estate and its affiliates.

The senior debt rating at Toyo Trust and Banking was lowered to Baa1 from A3. Moody's said Toyo might have to make large provisions on its bad loans, placing significant pressure on its already weak earnings.

Yasuda Trust and Banking long-term ratings were downgraded to Baa2 from A3, while short-term ratings were lowered to prime-3 from prime-2.

INTERNATIONAL CAPITAL MARKETS

# Disappointment at marginal fall in German discount rate

By Richard Waters in London and Karen Zagor in New York

THE GERMAN government bond market fell on disappointment at the Bundesbank's move to lower the discount rate yesterday by only 50 basis points, though other core European bond markets saw rate cuts in the wake of the German move.

Long-dated UK government bonds also bounced higher yesterday on a surprise fall in unemployment figures, continuing a rally that has picked up after Tuesday's Budget.

## GOVERNMENT BONDS

The Bundesbank's cut in the discount rate to 7.5 per cent, together with the decision to leave the Lombard rate unchanged at 9 per cent, disappointed the bund market, which had hoped for a cut in both official rates. Although the move lowers the floor for official money market rates, which currently stand at 8.25 per cent, it was taken to reflect the Bundesbank's intention of resisting pressure for cuts in interest rates too soon.

The German announcement was followed by rate cuts in Denmark, Switzerland, Belgium and the Netherlands. Rates in France remained unchanged as the franc weakened and 10-year bond prices slid by a third of a point.

On Liffe, the June bund futures contract opened at 95.95 and climbed to 96.05 before the Bundesbank news. The contract then slipped to 95.50, before gaining some ground to end the day at around 95.77.

■ GILTS, meanwhile, bounced by nearly a point at the longer end of the yield curve, as the market seized on signs that the UK economy was picking up, though not in a way that threatened a rise in inflation.

Unemployment levels fell for the first time in three years, adding momentum to a market already buoyed by the firmer pound. The June long gilts contract on Liffe opened at 106 and closed at 107, around its highs for the day. The 9 per cent gilts due 2008 jumped by three quarters of a point, pushing the yield down to 8.06 per cent.

Mr John Shepperd, an economist at Warburg Securities, said: "A strong pick-up in the economy will take some of the sting out of the public sector borrowing requirement. What the market is looking at is non-inflationary growth, and it likes what it sees."

The strength of the market fuelled expectations that the Bank of England could today announce a gilt auction. Under the new 10-day notice period, announced at the time of the Budget, this would allow the Bank to complete an auction by March 31, ahead of the start of the new financial year. Current demand suggests it would auction either 10-year bonds, to meet demand from foreign investors, or longer-dated paper aimed at UK institutions.

■ US TREASURY prices rose across the board yesterday morning, lifted by a follow-through of Wednesday's late buying and supported by decreasing imports and exports in the January trade deficit data.

By midday, the benchmark 30-year government bond was up ½ at 103¾, yielding 6.826 per cent. At the short end of the market, the two-year note was 1/32 higher to yield 3.909 per cent. Bullish investors were encouraged by a commerce department report of slower exports and imports for January, which gave some weight to the theory that consumer spending would weaken.

### FT FIXED INTEREST INDICES

| | Mar 18 | Mar 17 | Mar 16 | Mar 15 | Mar 12 | Year ago | High * | Low * |
|---|---|---|---|---|---|---|---|---|
| Govt Secs (UK) | 97.73 | 97.34 | 97.23 | 97.74 | 97.58 | 86.10 | 98.04 | 85.11 |
| Fixed Interest | 112.91 | 112.50 | 113.68 | 113.61 | 113.46 | 98.42 | 113.83 | 97.15 |

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)

### GILT EDGED ACTIVITY

| Indices* | Mar 17 | Mar 16 | Mar 15 | Mar 12 | Mar 11 |
|---|---|---|---|---|---|
| Gilt Edged Bargains | 126.6 | 110.9 | 128.4 | 122.0 | 130.7 |
| 5-Day average | 123.7 | 123.8 | 127.8 | 130.3 | 132.8 |

* SE activity indices rebased 1974

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 10.000 | 10/02 | 115.9153 | +0.513 | 7.63 | 7.64 | 8.47 |
| BELGIUM | | 9.000 | 03/03 | 111.7350 | +0.050 | 7.31 | 7.20 | 7.72 |
| CANADA * | | 7.250 | 06/03 | 98.1500 | +1.050 | 7.51 | 7.45 | 7.65 |
| DENMARK | | 8.000 | 05/03 | 98.9750 | +0.075 | 8.15 | 8.10 | 8.78 |
| FRANCE | BTAN | 8.000 | 05/98 | 103.4956 | -0.172 | 7.15 | 7.08 | 7.88 |
| | OAT | 8.500 | 04/03 | 107.9480 | -0.380 | 7.35 | 7.32 | 7.78 |
| GERMANY | | 7.125 | 12/02 | 103.4950 | -0.180 | 6.62 | 6.50 | 6.94 |
| ITALY | | 11.500 | 03/03 | 95.0600 | +0.085 | 12.79† | 12.85 | 12.98 |
| JAPAN | No 119 | 4.800 | 06/99 | 104.1617 | -0.211 | 3.97 | 3.85 | 4.01 |
| | No 145 | 5.500 | 03/02 | 109.6427 | -0.002 | 4.04 | 3.94 | 4.18 |
| NETHERLANDS | | 7.000 | 02/03 | 103.0800 | -0.080 | 8.58 | 8.44 | 8.87 |
| SPAIN | | 10.300 | 06/02 | 94.2574 | +0.182 | 11.31 | 11.29 | 11.44 |
| UK GILTS | | 7.250 | 03/98 | 102-26 | -1/32 | 6.58 | 6.55 | 6.71 |
| | | 8.000 | 08/03 | 97-30 | +7/32 | 7.55 | 7.59 | 7.84 |
| | | 9.000 | 10/08 | 109-09 | +24/32 | 8.06 | 8.15 | 8.57 |
| US TREASURY * | | 6.250 | 02/03 | 102-07 | +27/32 | 5.96 | 5.94 | 5.63 |
| | | 7.125 | 02/23 | 103-24 | +21/32 | 6.83 | 6.74 | 7.12 |
| ECU (French Govt) | | 8.000 | 04/03 | 103.8000 | +0.150 | 7.45 | 7.46 | 8.11 |

London closing. *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

# Credit institutions cool on role in funding PSBR

By Richard Waters

BANKS and building societies are unlikely to play a central role in helping to fund the UK's growing public sector borrowing requirement, a Bank of England official said yesterday.

His comments came as UK credit institutions remained lukewarm about a change announced in Tuesday's budget – that gilt sales to banks and building societies would count towards the funding of the borrowing requirement in future.

The institutions said that current conditions made it extremely unlikely they would become substantial buyers of gilts.

The Bank official said: "We're not thinking of angling gilts at them. What we'll do is sell gilts to all-comers and, if they want to buy them, fine."

He added, though, that there were likely to be issues of shorter-dated gilts over the coming year which would prove more attractive to banks. "I would envisage that there would be some short-dated debt of five years or even four years. That averages out the cost."

The official said that the £5.5bn of gilts sold to banks in the 11 months to February this year could be counted as funding in any of the next two or three years, should there been any need to "top-up" the funding in the future.

This buffer, together with the £3bn due already next year on partly-paid stock and the change in the funding rule, meant that the Bank had a head-start on reaching next year's target of £50bn, the official added.

The chancellor announced on Tuesday that gilts sold to banks and building societies would count towards funding, but that there would not be a move to "under-funding". This meant that it was very unlikely that there would be sales of short-dated instruments, such as Treasury bills, to fund the PSBR, the Bank official said.

Speaking after the budget, Mr Roger Little, director in charge of dealing at Abbey National, said: "It doesn't give us any more incentive to buy gilts than before."

Others said that they were unlikely to buy longer-dated gilts. "I cannot believe the Bank wants to force banks to buy the sort of long-term gilts which they believe are unacceptably risky," said Mr Peter Wood, finance director of Barclays Bank.

The shape of the UK yield curve – five-year yields are only just above money-market rates – also removes the attraction for banks of moving further down the yield curve.

Mr Richard Goeltz, chief financial officer of National Westminster Bank, said British banks would require a more attractive yield on two- or three-year bills if they were to start increasing increase their portfolios substantially.

He said the Budget had contained "nothing that would lead us to start building a portfolio of gilts tomorrow". He added that the bank would have to be more confident of yields on medium-term gilts to start taking the capital risk.

A wider differential in the US bond market between money-market interest rates and short-term bond yields encouraged US banks to take their holdings of government bonds up to nearly $700bn at the end of 1992, from about $450bn two years before. This has helped both to fund the government borrowing requirement and guarantee the banks a healthy profit to rebuild their depleted capital resources.

The Bank met gilt-edged marketmakers on Wednesday evening to discuss its plan to switch to a monthly auction for 1993/94 while retaining considerable flexibility in its funding policy.

Representatives of the marketmakers who attended the meeting said that they were generally content with the Bank's approach, although there remained calls in some quarters for a switch to larger and less regular auctions or a fixed auction calendar.

# Republic of Finland launches tightly-priced £500m issue

By Antonia Sharpe

THE Republic of Finland finally launched its long-rumoured Eurosterling issue yesterday, raising £500m worth of 10-year Eurobonds.

The bonds, which carry a coupon of 8 per cent, were priced at 97.45 to yield 60 basis points over the 8 per cent UK government bond due 2003.

The view in the market was that the pricing of Finland's issue was tight, and that the spread should have been at least 10 basis points wider in order to compensate for Standard & Poor's decision last week to cut the country's credit rating by two notches, to AA-minus.

## INTERNATIONAL BONDS

Spreads on Finnish paper in the secondary market have widened since the S&P downgrading.

Syndicate managers said that existing Finnish paper yielded between 45 to 50 basis points above Libor, but that yesterday's issue yielded only 30 basis points above Libor.

Other factors hampering the deal included Finland's frequent borrowings in the international bond market over the past year and the recent developments in the former Soviet Union.

An official at the joint lead manager, S.G. Warburg, said that the Finland deal was slower to place than Abbey National's £650m 10-year Eurobond issue, which was launched last week. But he added that, so far, demand outside the UK for the bonds had been good. When the bonds were freed to trade, they were quoted at 97½ bid to yield 65 basis points over the underlying gilt.

Ms Inga-Maria Gröhn, financial councillor at the Treasury Management Unit of Finland's finance ministry, said that yesterday's issue was part of the country's 1993 borrowing programme. The proceeds of the issue would be left in sterling, but a decision had not yet been taken on whether to swap the interest rate from fixed to floating, she said.

She expected Finland to raise between $9bn to $10bn this year in the international market, slightly below last year's $11bn-$12bn, since the ministry had taken a decision to look more to the domestic market. "Last year, about 60 per cent was raised abroad and 40 per cent domestically, but we would like to have more of a balance," Ms Gröhn said.

Also in the Eurosterling sector, HSBC Holdings increased Wednesday's £200m issue of subordinated Eurobonds due 2018 by £50m to satisfy demand from overseas, especially from east Asia. The new portion was priced at 99.022 to yield 145 basis points above the 9 per cent UK gilt due 2012, compared with a price of 98.692 and a yield spread of 150 basis points on the original amount.

An official at the lead manager, Samuel Montague, said the tighter pricing on the new portion was designed to show goodwill to UK institutions, which are concerned about long-dated issues being increased. Yesterday, the bonds were trading at 99.70 bid, giving a spread of 146 basis points over the underlying gilt.

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | |
| LB Schleswig Holstein, Lux. | 250 | 4.625 | 101.125 | Apr.1996 | 1.375/1.275 | Daiwa Europe/ UBS P&D |
| National Health Investors(a)§ | 87.2 | 7.375 | 100 | Apr.1998 | 3.25/1.85 | NatWest Securities |
| **D-MARKS** | | | | | | |
| Deutsche Finance(Neths.)(b)‡ | 200 | (b) | 100.95 | Apr.2003 | 1.45/0.85 | Deutsche Bank |
| Depfa(c)‡ | 200 | (c) | 100 | Apr.2003 | 0.3/0.15 | Trinkaus & Burkhardt |
| LB Schleswig Holstein,Lux(d)‡ | 50 | (d) | 101.195 | Mar.2003 | 2.5/2.175 | Morgan Stanley |
| **FRENCH FRANCS** | | | | | | |
| Crédit Local de France(e)‡ | 500 | (e) | 100 | Apr.2000 | 0.35/- | CCF |
| **STERLING** | | | | | | |
| Republic of Finland | 500 | 8 | 98.125 | Apr.2003 | -3/1.5 | CSFB/ SG Warburg Secs. |
| HSBC Holdings(f) | 50 | 9.875 | 99.022 | Apr.2018 | 0.625 | Samuel Montagu & Co. |
| **CANADIAN DOLLARS** | | | | | | |
| Deutsche Finance (Neths.) | 300 | 7.125 | 100.193 | Apr.1998 | 1.875/1.625 | Deutsche Bank London |
| Bell Canada | 200 | 7.875 | 101.85 | Apr.1998 | 1.875/1.575 | UBS P&D/ Wood Gundy |
| **ITALIAN LIRA** | | | | | | |
| Commerzbank O'seas Fin.,Cur. | 150bn | 10.8 | 101.75 | Apr.2000 | 1.875/1.25 | IMI Bank Luxembourg |

Final terms and non-callable unless stated. §Convertible. ‡Floating rate note. a) Conversion price: $27.25. Closing price: $27.75. Callable from 1/4/98 at par. b) Coupon pays 7.5% fixed annual in first 2 years and 12.25% - 6-month Libor thereafter. c) Issue launched on Monday was increased to DM400m. Coupon pays 9.5% fixed annual in first year and 12.25% - 6-month Libor thereafter. d) Issue launched on 10/3/93 was increased to DM150m. Coupon pays 7.75% fixed annual in first year and 12.25% - 6-month Libor thereafter. e) Coupon pays 9% fixed annual in first year and 13.75% - 6-month Pibor thereafter. f) Issue launched on Tuesday was increased to £250m. Callable. Coupon is reset if bonds are not called by 8/4/2013.

The Bundesbank's decision to cut its discount rate prompted a further wave of reverse floating rate notes in D-Marks and in French francs.

Crédit Local de France's FFr500m was almost entirely pre-placed with continental investors, who expect French interest rates to fall after the election, said an official at the joint lead manager, CCF.

Elsewhere, good demand for short-dated paper in the Eurodollar sector enabled Landesbank Schleswig Holstein Girozentrale to increase its three-year Eurobond issue to $250m from an initial $200m. The bonds were priced to yield 28 basis points over comparable US Treasuries and, when they were freed to trade, the spread tightened slightly.

● Ontario Hydro plans to launch a global Canadian dollar bond with a five-year maturity early next week.

The deal is expected to raise C$1bn and will be arranged by Goldman Sachs, IBJ, RBC Dominion Securities and ScotiaMcLeod.

MARKET STATISTICS

### FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on March 18

U.S. DOLLAR STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; CONVERTIBLE BONDS — Issued, Bid, Offer, Chg. day, Yield [illegible]

| | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABN 9 1/8 94 | 200 | 106¼ | 106¾ | +⅛ | 4.38 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 110⅛ | 111⅛ | +⅛ | 4.86 |
| ARBED 7 1/2 95 LFr | 600 | 97⅞ | 98⅞ | | 8.51 |
| ECSC 7 3/4 94 LFr | 1000 | 99⅞ | 100⅞ | | 7.81 |
| [illegible] | | | | | |

* No information available - previous day's price. † Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month highest above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 42 | 19 | 16 |
| Other Fixed Interest | 9 | 3 | 3 |
| Commercial, Industrial | 284 | 254 | 876 |
| Financial & Property | 180 | 114 | 500 |
| Oil & Gas | 16 | 18 | 50 |
| Plantations | 0 | 0 | 8 |
| Mines | 52 | 17 | 68 |
| Others | 23 | 62 | 40 |
| Totals | 606 | 487 | 1,561 |

### LONDON RECENT ISSUES

#### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1993 High | 1993 Low | Stock | Closing Price p | + or - | Net Div. | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| – | F.P. | – | ½ | ½ | Anglo Utd Warrants | ½ | | – | – | – | – |
| 100 | F.P. | – | 103 | 98 | For & Col US Smlr Cos | 103 | +½ | – | – | – | – |
| [illegible] | | | | | | | | | | | |

#### FIXED INTEREST STOCKS

[illegible]

#### RIGHTS OFFERS

[illegible]

‡ Renunciation date usually last day for dealing free of stamp duty. ¶ Units comprising 1 ord. and 1 conv pref. share. [illegible]

### TRADITIONAL OPTIONS

● First Dealings March 8
● Last Dealings March 19
● Last Declarations June 17
● For settlement June 28

*3-month call rate indications are shown in Saturday editions.*

Calls in Amstrad, Arcon Intl. Res., ASDA, Casket, Diploma, Ferranti, Guinness, Hartstone, HTV, Pentos, Premier Cons., Ratners, Southend Prop., Standard Chartd. and TR Prop. Inv. Trust. Put in Standard Chartd. Doubles in Airsure and Costain.

## FT-SE ACTUARIES INDICES

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### LIFFE EQUITY OPTIONS

| Option | | Calls Apr | Calls Jul | Calls Oct | Puts Apr | Puts Jul | Puts Oct |
|---|---|---|---|---|---|---|---|
| Alld Lyons (*563) | 550 | 28 | 41 | 51 | 8 | 29 | 36 |
| | 600 | 5 | 19 | 30 | 41 | 62 | 67 |
| ASDA (*75) | 67 | 9 | 15 | 18 | 2 | 5 | 5 |
| | 76 | 4½ | 10½ | 13 | 3½ | 8 | 10 |
| Brit. Airways (*280) | 280 | 17 | 26 | 33 | 6 | 20 | 25 |
| | 300 | 7 | 16 | 24 | 15 | 31 | 36 |
| Smkl Bchm A (*437) | 420 | 27 | 43 | 51 | 7 | 21 | 27 |
| | 460 | 7 | 24 | 32 | 27 | 42 | 46 |
| Boots (*512) | 500 | 22 | 36 | 46 | 8 | 25 | 32 |
| | 550 | 3½ | 14 | 24 | 43 | 59 | 62 |
| B.P. (*291) | 280 | 23 | 32 | 37 | 3 | 10 | 15 |
| | 300 | 16 | 21 | 26½ | 9½ | 19 | 25 |
| British Steel (*90) | 90 | 5 | 9½ | 12 | 5 | 10½ | 13 |
| | 100 | 1½ | 6 | 8½ | 12½ | 18 | 19 |
| Bass (*575) | 550 | 40 | 56 | 72 | 4 | 20 | 26 |
| | 600 | 11 | 30 | 43 | 20 | 46 | 54 |

[illegible]

| Option | | Calls May | Calls Aug | Calls Nov | Puts May | Puts Aug | Puts Nov |
|---|---|---|---|---|---|---|---|
| Brit Aero (*280) | 280 | 25 | 40 | 53 | 22 | 34 | 43 |
| | 300 | 16 | 30 | 44 | 36 | 46 | 54 |
| Dixons (*225) | 220 | 9 | 22 | 27 | 4 | 14 | 22 |
| | 240 | 2 | 12 | 18 | 19 | 27 | 35 |
| Eurotunnel (*477) | 460 | 25 | 32 | 70 | 10 | 28 | 42 |
| | 500 | 4 | 32 | 50 | 33 | 50 | 63 |

[illegible]

March 18 Total Contracts 33,315
Calls 19,899 Puts 13,416
FT-SE Index Calls 6,550 Puts 6,545
Euro FT-SE Calls 2,474 Puts 1,825
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

### FT-ACTUARIES FIXED INTEREST INDICES

#### PRICE INDICES

| | | Thu Mar 18 | Day's change % | Wed Mar 17 | Accrued interest | xd adj. 1993 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | Up to 5 years (24) | 129.84 | -0.02 | 129.87 | 2.31 | 1.98 |
| 2 | 5-15 years (22) | 150.14 | +0.25 | 149.76 | 1.60 | 3.52 |
| 3 | Over 15 years (8) | 159.98 | +0.88 | 158.58 | 0.90 | 3.10 |
| 4 | Irredeemables (6) | 182.91 | +1.02 | 181.07 | 2.86 | 1.48 |
| 5 | All stocks (60) | 146.19 | +0.28 | 145.79 | 1.78 | 2.90 |
| | **Index-Linked** | | | | | |
| 6 | Up to 5 years (2) | 183.56 | -0.24 | 184.01 | 0.30 | 1.51 |
| 7 | Over 5 years (12) | 175.05 | +0.69 | 173.85 | 0.63 | 1.23 |
| 8 | All stocks (14) | 175.06 | +0.57 | 174.07 | 0.59 | 1.27 |
| 9 | Debs & Loans (67) | 130.26 | +0.90 | 129.10 | 2.16 | 2.45 |

#### AVERAGE GROSS REDEMPTION YIELDS

| | | | Thu Mar 18 | Wed Mar 17 | Year ago (approx.) |
|---|---|---|---|---|---|
| | **British Government** | | | | |
| 1 | Low | 5 years | 6.53 | 6.55 | 9.17 |
| 2 | Coupons | 15 years | 7.54 | 7.64 | 9.55 |
| 3 | (0%-7¾%) | 20 years | 7.86 | 7.92 | 9.55 |
| 4 | Medium | 5 years | 6.83 | 6.82 | 9.94 |
| 5 | Coupons | 15 years | 8.09 | 8.17 | 9.66 |
| 6 | (8%-10¾%) | 20 years | 8.25 | 8.34 | 9.60 |
| 7 | High | 5 years | 7.08 | 7.00 | 10.17 |
| 8 | Coupons | 15 years | 8.29 | 8.38 | 9.79 |
| 9 | (11%-) | 20 years | 8.36 | 8.46 | 9.70 |
| 10 | Irredeemables (Flat Yield) | | 8.33 | 8.42 | 9.73 |
| | **Index-Linked** | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 2.12 | 2.03 | 3.72 |
| 12 | Inflation rate 5% | Over 5 yrs. | 3.36 | 3.41 | 4.50 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 1.32 | 1.23 | 3.10 |
| 14 | Inflation rate 10% | Over 5 yrs. | 3.19 | 3.24 | 4.33 |
| 15 | Debs & Loans | 5 years | 8.42 | 8.47 | 11.15 |
| 16 | | 15 years | 9.16 | 9.25 | 10.86 |
| 17 | | 25 years | 9.39 | 9.49 | 10.70 |

Worsening trading conditions expected, perhaps continuing into 1994

# Arjo declines to £161m and cuts final

By Maggie Urry

ARJO WIGGINS Appleton, the paper group, yesterday announced a 30 per cent fall in pre-tax profits from £231m to £161m in 1992 and warned of worse to come in its European markets.

Mr Cob Stenham, chairman, said AWA expected "a further worsening of trading conditions in 1993, which may well continue into 1994."

However, Mr Alain Soulas, chief executive, said AWA had fared better than many of its competitors in Europe.

Mr Stenham said the company could not guarantee to maintain its 1992 dividend in 1993, although the decision on the final would be taken with a clearer view of 1994 prospects.

This time the final has been reduced from 5.05p to 3.85p, a sharper cut than had been expected when the interim was lowered to 2.65p (3.3p).

The group shocked shareholders in September when it announced the interim cut.

Analysts yesterday were still suspicious about dividend policy.

Some said it was driven by the interests of St Louis, the French group which holds a 39 per cent stake. Mr Stenham said the board had been unanimous on the payment.

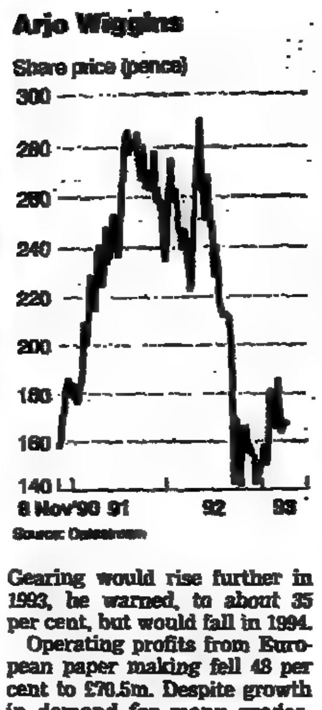
He said AWA now aimed to keep dividend cover between 2 and 2¼ times on average over a period of years. Earlier the policy was to keep cover within that range each year.

The 1992 dividend was covered 1.8 times by earnings per share of 11.6p (18p). Earnings were depressed by a rise in the tax charge from 37 to 43.2 per cent. Mr Tony Isaac, finance director, warned that the rate would rise further this year, perhaps to 46 per cent.

Group sales rose to £2.62bn (£2.49bn) but margins were squeezed by lower prices and operating profits fell from £247m to £193m.

Increased losses at Soporcel in Portugal, lifted the deficit from associates to £3m (£1.6m).


Alain Soulas: group fared better than many competitors




The interest charge rose from £13.7m to £28.9m.

Mr Isaac said debt rose from £147m to £285m, with gearing up from 13.6 to 23.6 per cent. The group was two years into a three-year £500m programme of investment and acquisitions.

Gearing would rise further in 1993, he warned, to about 35 per cent, but would fall in 1994.

Operating profits from European paper making fell 48 per cent to £70.5m. Despite growth in demand for many grades, overcapacity led to lower prices. Appleton Papers, in North America, increased profits by 12 per cent to £117m. Paper merchanting profits fell 11 per cent to £15.5m, after redundancy costs of £2.6m.

**● COMMENT**

AWA's shares rose 5p to 169p yesterday in relief, and are up 40p from the price they settled at on the day of the interim. AWA still has much fence mending to do with investors, especially any yield funds who have bought since September. There was some good news. Benefits from the merger two years ago are coming through and are expected to add about £22m to 1993 profits, with more to come. The burst of industry-wide capacity expansion inspired by the strong paper markets of the late 1980s is ending, even if it will take a couple of years before utilisation reaches a level which provides a decent return. Meanwhile a prospective p/e of over 17 looks on the high side when the yield support is unreliable.

# Trafalgar faces legal threat

By Roland Rudd

TRAFALGAR HOUSE may be sued for failing to pay the second instalment to Davy Corporation shareholders following its controversial takeover of the stricken contractor.

Two former institutional shareholders in Davy have threatened legal action unless they receive compensation from Trafalgar, the construction, engineering and shipping group.

Bear Stearns, the US securities House, and Gruss Partners, the US investment company, believe Trafalgar's offer document for Davy, acquired in June 1991, was misleading.

Yesterday they sent a letter, through their solicitor, Goodman Derrick, to Mr Alan Clements, Trafalgar's chairman, asking for compensation to avoid litigation.

Trafalgar said: "There is no substance to the claims and we will resist them with the utmost vigour. The issues raised in the letter have previously been considered by the Takeover Panel, which ruled in Trafalgar's favour."

Trafalgar House's successful offer for Davy was in two parts, of 50p and 45p per share.

The second instalment depended on it drawing upon an £118m letter of credit from Midland & Scottish Resources, which was operating the Ocean Emerald Rig, in the North Sea.

Trafalgar was unable to draw upon the credit and therefore did not pay the second instalment, totalling £54m.

Trafalgar believes it was let down by MSR, which was unable to obtain a so-called section 10, ship mortgage guarantee, from the Department of Trade and Industry.

However, Goodman Derrick's letter says: "It seems to us – and to leading Counsel – that it must have been well-known to all those concerned on behalf of Trafalgar House that at the time of the offer document, it was far from a formality to expect the section 10 certificate to be forthcoming from the DTI.

"By referring only to the need for contraction completion... our clients were misled into believing that the only conditions which had to be complied with related to completion of the contract and its related formalities."

Bear Stearns and Gruss Partners believe they lost £1.4m and £471,000 respectively – the difference between the price received for the shares, 50p, and the highest market figure in the relevant period, which was 91p.

Mr Barry Cohen, senior managing director of Bear Stearns, said: "There are a lot of disgruntled former Davy institutional shareholders."

# Rentokil acts on Budget proposal as profits leap

By Angus Foster

RENTOKIL Group, the environmental and property services concern, yesterday became the first company to recommend an increased dividend to compensate for changes in the rate of advance corporation tax announced in Tuesday's budget.

The company is recommending a 36.5 per cent net dividend increase so its gross dividend is lifted in line with earnings, by nearly 30 per cent. Rentokil said it did not want shareholders receiving gross dividends or paying higher rate income tax to lose out because of the changes.

"We wanted to put shareholders in the same position they would have been if the Chancellor had not changed [the rules]," according to Mr Christopher Pearce, group financial director.

Mr Clive Thompson, group chief executive, said the increase aimed to compensate pension fund shareholders rather than Sophus Berendsen of Denmark, Rentokil's parent company, which was also affected by the ACT changes.

Rentokil said pre-tax profits increased 29 per cent, from £94.6m to £122.4m, in the year to December 31 helped by growth in continental Europe and by currency factors. At the interim stage, profits increased 21 per cent to £51.1m.

Operating profits increased 27 per cent to £117.7m. Because the company uses year end rather than average exchange rates, there was an £8.8m exchange rate gain following sterling's fall in value in the last quarter.

Interest income increased from £1.6m to £4.65m as the company's net cash position more than doubled to £60.2m.

There was an extraordinary cost of £7.64m to complete work recommended by the US Environmental Protection Agency at a wood treatment site in Virginia. The total cost of cleaning up the site has now risen to about $22m (£15.4m). No further provisions are expected.

Earnings increased 28 per cent to 8.018p. A final dividend of 1.67p is proposed, to make a total of 2.31p (1.692p) for the year.

**● COMMENT**

If one wanted to be nasty, one could argue Rentokil's pledge of 20 per cent growth "forever" was met last year through default rather than design. Without sterling's exit from the ERM and the decision not to adopt FRS 3, which would have turned the extraordinary into an exceptional, profits would have been only 12 per cent ahead. However, that "only" is still impressive given a downturn in the UK which showed the company is not recession proof. The real question is how long Rentokil deserves its heady premium. Forecast profits of £146m this year put the shares on more than 23 times. The company and its stock market supporters believe 20 per cent growth will be easy this year and there is still much scope for expansion in Europe and the Far East. Even so, following their giddy rise since last September the shares look in need of a breather, notwithstanding yesterday's 6p fall to 244p.

# Charles Baynes rises to £5.6m

By Catherine Milton

CHARLES Baynes, the specialist engineering and packaging distribution company, yesterday announced two acquisitions totalling nearly £10m and a rise in pre-tax profits from £4.47m to £5.56m.

The directors said that a one third drop in operating profits under new accounting rules was a better guide to performance in 1992 than pre-tax profits up by a quarter.

The group has adopted FRS 3 and has restated its 1991 figures accordingly. Operating profits fell to £4.13m (£6.05m).

It will pay a final dividend of 0.9p (0.85p) bringing the total to 1.43p (1.35p) out of earnings per share of 2.8p (3.91p).

It bought Thomson Valves from Rolls-Royce for £7.9m and Industrial Precision Castings from Cookson Group for £1.9m. The acquisitions were partly funded by a 12.5 m share placing with institutions which raised £6.8m, net of expenses. The number of shares in issue increased by 10 per cent.

The packaging division contributed £31.8m (£26.5m including nine months of Fist Fast Packaging and the Truflo companies) to turnover and £1.8m (£1.5m) to operating profits. The engineering divisions' profits fell to £758,000 (£1.8m).

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Arjo Wiggins ............fin | 3.85 | May 28 | 5.05 | 6.6 | 8.35 |
| Auto Security ..........fin | 3.05 | June 4 | 2.83 | 5.3 | 4.9 |
| Baynes (Charles) .....fin | 0.9 | May 28 | 0.85 | 1.425 | 1.35 |
| Burford ....................fin | 0.65 | May 6 | 0.5 | 1.15 | 0.95 |
| Cattle's ....................fin | 2.6 | May 14 | 2.3 | 4.7☆ | 3.6 |
| Coats Viyella ...........fin | 4.25 | July 1 | 4 | 7.25 | 7 |
| CrestaCare ...............fi | 0.4 | Apr 30 | nil | 0.5 | 0.7 |
| Davis Service ..........fin | 5.25 | June 8 | 5.25 | 7.96 | 7.96 |
| Edmond ....................fin | 0.15 | July 2 | 1.2 | 0.5 | 1.85 |
| Eng & Scot Invs .......fin | 1.25 | - | 1.25 | 1.75 | 1.75 |
| Evans Halshaw .........fin | 7.65 | May 14 | 7.65 | 11.25 | 11.25 |
| Green (Ernest) §.......int | 2.75 | May 4 | 2.75 | - | 7 |
| Guinness ..................fin | 8.5 | June 1 | 7.75 | 11.85 | 10.6 |
| Holders Tech § .........fin | 4 | May 10 | 4 | 6 | 6 |
| Kwik-Fit ....................fin | 2 | May 10 | 2 | 3.35 | 3.35 |
| Legal & General ......fin | 12.9 | - | 12.6 | 19.1 | 18.8 |
| M Currie Pacific .......fin | 0.4 | June 9 | 0.4 | 0.4 | 0.4 |
| Quicks ......................fin | 2.75 | June 11 | 2 | 4.5 | 3 |
| Rea Brothers ............fin | 0.25 | May 7 | 0.25 | 0.5 | 0.5 |
| Reed Intl ...................fin | 7.25 | - | 10.75 | 12.75‡ | 16 |
| Rentokil ....................fin | 1.67 | May 12 | 0.83 | 2.31 | 1.21 |
| Rotork ......................fin | 6.5 | May 28 | 5.75 | 11.15 | 10 |
| Schroders .................fin | 16 | May 7 | 13 | 22 | 18 |
| Telemetrix .................fin | 0.8 | July 1 | 0.6 | 0.8 | 0.6 |
| United Biscuits .........fin | 9.6 | July 1 | 9.5 | 15.3 | 15.3 |
| Vinten .......................fin | 5.1 | July 1 | 4.6 | 7 | 6.6 |

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆Includes 0.5p special. ‡For nine months.

# Trimmed Davis Service advances 21% to £17.5m

By Hugh Carnegy

DAVIS SERVICE Group pushed up pre-tax profits by 21 per cent from £14.5m to £17.5m in 1992 on reduced turnover as the company shed its vehicle supply division.

Group turnover declined by 20 per cent at £247m (£309m), reflecting the disposal in April of its Godfrey Davis contract vehicle hire business and the subsequent disposal of two of the company's three Ford dealerships.

A provision of £1.5m was made for losses on the last remaining dealership which Davis is set to withdraw from this year.

But the combination into one division of the linen hire and laundry units with work wear services produced benefits which saw sales in textile maintenance rising to £112.8m (£107m) and operating profits moving up to from £11.7m to £13.2m.

Support services, which includes office, hospital and military centre cleaning, also moved ahead, returning sales of £53.3m (£44.5m) and profits of £3.07m (£2.5m).

Site services were held back by recession in the construction industry, but managed a rise in turnover to £46m (£44m), although profits were flat at £3.42m (3.4m).

Mr John Ivey, chief executive, said he was looking for no more than a modest improvement in trading conditions this year.

"We are not factoring in a recovery," he said.

Adjusted earnings per share were up at 15p (12.96p). The proposed final dividend is 5.25p, making an unchanged total for the year of 7.96p.

**● COMMENT**

Davis has weathered the recession well. It reversed out of vehicle hire and car sales at the bottom of the cycle but may not regret missing the coming upturn there. It has focused instead on three core areas covering linen and work wear rental and laundry; cleaning and other labour support services; and the manufacture, sale and hire of portable buildings mainly for building sites and schools. These businesses look ominously vulnerable in a recession. But Davis has kept its head well above water by, for example, merging its work wear services with its linen and laundry operations to improve efficiency in its textile services division.

If and when the economy does turn around, Davis should be well placed to take advantage with pre-tax profits of £19.5m forecast for this year. The shares reflect the optimism, trading on a prospective p/e of 15.

# Accounting change main factor in Spring Ram £13m shortfall

By Jane Fuller

SPRING RAM, the kitchens and bathrooms group, warned yesterday that its 1992 pre-tax profit would be about £13m less than the expected figure of about £39m.

It listed three main reasons. The biggest was that "profits amounting to £5.6m on certain contracts will now fall into 1993 in accordance with the recently announced financial reporting exposure draft (Fred 4)."

It is understood that this does not affect an exceptional gain of more than £5m made by selling its spare advanced corporation tax capacity to companies with unrelieved ACT.

This gain is offset against the £3m-plus additional charges being taken on Balterley Bathrooms, where false accounting was uncovered.

This means that the £26m pre-tax profit indicated yesterday will probably include a net exceptional gain.

Spring Ram said a further £4m deduction from expected profits was due to factory start-up and product development costs. It has built factories for doors and tiles.

The third category of profit cuts, amounting to £3.3m, covered depreciation and the treatment of government grants, both of which have been the subject of criticism by analysts.

The company said: "FRS 3 has been adopted and freehold buildings depreciated for the first time."

# Clark board to meet on bid proposals

THE BOARD of C&J Clark, Britain's second largest shoe manufacturer, is expected to meet on Monday to decide which of the three bids for the company it will recommend to shareholders, writes Peggy Hollinger.

It is likely that the debate will be heated, with several board members expected to object to a proposal to offer the chosen bidder exclusive rights to due diligence for a certain period. This could, in effect, deter a bid from an outside party.

The company and its advisers, Schroders, are considering offers from shoe manufacturer FII, a consortium of existing shareholders backed by Electra Investment Trust, and an informal approach from Berisford, the foods and property group.

It is believed that Berisford has set certain conditions for making a formal offer including exclusive rights to pursue due diligence and the board's approval.

If it goes ahead, the offer would be an all-share deal with some members of the Clark board likely to be invited onto Berisford's executive.

Berisford is believed to be interested in the brand opportunities offered by Clark's shoes.

The consortium of existing institutional investors, backed by Electra Investment Trust, is believed to be offering about 200p a share, valuing Clark at £154m. The consortium hopes to buy out the family's 70 per cent holding, but would back the existing management.

FII, meanwhile, is believed to have made an offer of shares or cash, valuing Clark at £140m.

A group of board members, who claim to represent some 4[illegible] per cent of the Clark family holding, objected to an initial bid approach backed by Electra Investment Trust last year.

# Restructure bears fruit as Coats rises to £109m

By Daniel Green

COATS VIYELLA'S pre-tax profit for 1992 rose to £109.1m compared with £96.7m, as three years of restructuring began to bear fruit.

The figures have been prepared for the first time in accordance with the accounting standards FRS 3 and draft standard FRED 3, the latter reclassifing convertible preference shares as debt and the associated costs as financing costs.

Excluding these two standards pre-tax profits would have been £122m compared with £111.4m in 1991.

Turnover rose 6.5 per cent to £2.11bn and operating profits increased 19.7 per cent to £146.2m.

The dividend for the year is raised by 0.25p to 7.25p with a final of 4.25p. Earnings per share were given as 10.2p against 10p.

The shares rose 11p to 245p.

"Given the economic circumstances, the results are very good," said Mr Neville Bain, chief executive.

The prospects for 1993 were even brighter largely thanks to the fall in the value of sterling.

Mr Bain pointed out that this was already encouraging retailers in the UK and exports markets to consider switching supplier to the UK.

"$1.50 to the pound is just what we've been looking for for many years," said Sir David Alliance, chairman.

The company earns most of its profits outside the UK, but the domestic market was a strong performer in 1992 with operating profits at £60m (£37.5m) as a result of restructuring and the economies of scale arising from the Tootal merger nearly two years ago.

Again Brazil was the main problem concerning results. Sales fell by 40 per cent amid local economic uncertainty.

The Brazilian losses cannot be offset against previous years' profits and pushed the tax charge up to 40.1 per cent compared with 37.8 per cent in 1991.

Cash flow remained negative, but Coats expects the figure to be positive for 1993-94 as a cash release programme continues and restructuring costs fall.

The benefits of the first full year of Tootal's contribution showed up in the £83.9m (£65.9m) operating profits from the thread division, excluding the Brazilian losses.

**COMMENT**

The market registered approval of earnings and profits at the top of the range of expectations by taking the shares up to a current p/e of about 24. This can justified if the fall in sterling boosts turnover, margins and market share, if the tax charge can be cut by several percentage points, if thread margins filter through to the other divisions and if the Brazilian profits hole is sewn up.

That is a lot of ifs, given that in the current year, pre-tax profits would do well to rise much beyond £145m with a prospective p/e in the high teens. The company is doing well, but further investment in the shares is for the long term only.

# A tour of investors buys time for the bank

## Barclays' chief meets dissatisfied shareholders. John Gapper and Norma Cohen report

MR ANDREW Buxton, chairman and chief executive of Barclays Bank, seems to have won some time. His tour of shareholders in the past two weeks following the announcement of a £242m pre-tax loss for 1992 has not reassured all of them. But it has – at least temporarily – mollified some.

Mr Buxton has arrived on his own at the meetings and asked to see only the top one or two executives of each fund. "I got the feeling he realises the level of dissatisfaction," said the chief of one investment company after a meeting with Mr Buxton last week. "I think the will is there."

Mr Buxton asked at least one investor whether he should resign. But most investors say they believe he deserves some time to show that Barclays management is getting better. "A lynch mob is not being gathered. We just responded to his invitation to talk and listen," said one shareholder.

Another shareholder, who earlier described the bank's management as "a shambles", said Mr Buxton had indicated that he was trying to appoint a chief executive swiftly. Mr Buxton, who was appointed chairman in January, has said he wants to split his two roles "as quickly as possible".

A fund manager at one institution, who had earlier said he had strong reservations about both Mr Buxton's intentions and the abilities of the bank's board, said his perception had changed somewhat. "I think he is genuinely committed to working with shareholders."

Mr Buxton told the Financial Times before starting his meetings that "a significant part" of his responsibilities would be passed to a new senior executive this year. But he did not specify to shareholders when this decision would be made, or whether an outsider would be appointed.

"At least he was making the effort to come and listen to shareholders. That is quite a change from last year, when we were told he was going to be chairman and chief executive without any consultation," said one investor.

Shareholders started expressing discontent over Mr Buxton's appointment to both roles last summer. Most now want an early disclosure of how the roles will be split, and would like to see an outsider appointed. They are also keen to be shown that the bank's assessment of loan risks has improved.

"The whole problem is that Barclays gives an impression of lurching along. It is important for tnem to convey a sense of direction and purpose from the top," said one investor. Most investors contacted by the Financial Times believe the bank deserves some months to make its reforms.

Not everyone is sanguine about giving such time. "I think his position is totally untenable. He cannot distance himself from the mistakes Barclays made, and he has shown crass insensitivity by rejecting the advice many of us gave about his appointment," said an institutional investor.

There is some division of opinion among shareholders about how corporate governance should be altered. Most investors favour bringing in a chief executive, but at least one fund would prefer to see Mr Buxton stay only as chief executive while a chairman is appointed from outside.

Resentment about the bank lingers from last year, when investors who expressed concern say they were given the impression that they were in a small minority.

Trevor Humphries

Andrew Buxton: urged shareholders to make future complaints directly to the bank

Mr Buxton has impressed upon investors his desire to keep future discussions about management changes at Barclays private. In his contacts with shareholders, he urged them to make any future complaints directly to the bank, rather than discussing them with journalists.

Shareholders said they were still uncertain about whether Barclays had learnt from its poor lending in the property and construction sectors during the late 1980s. One investor said Mr Buxton had been "quietly positive" about the reforms the bank was undertaking to reduce future bad debts.

Some remain concerned that Barclays has not yet made a clear decision to reduce exposure to property lending. "He said loans are assessed on an account-by-account basis," said one shareholder. The fact that the bank's past controls allowed property lending to rise worries some.

Barclays has signalled its intention to impose tighter controls on its lending portfolio by appointing Mr Alan Brown, formerly the head of its Japan operations, to the new post of director of group credit policy. His task will be to balance its portfolio, but he only took up his job this month.

Mr Buxton will have further meetings next week. Investors he has met so far appear willing to give the bank a breathing space – perhaps until the interim results – to show it is changing. But the level of discontent has been subdued, rather than banished entirely, by Mr Buxton's tour.

# Reed Intl 10% up at £137m prior to merger

By Andrew Bolger

REED International, the publishing group, increased its pre-tax profits by 10.2 per cent to £137m in the nine months to December 31, its last separate reporting period before the merger with Elsevier of the Netherlands took effect.

Sales rose by 5 per cent to £1.2bn (£1.14bn). Reed said that with little sign of economic recovery in the UK and only a weak upturn in the US, most of the profits upturn was attributable to strong market positions and greater efficiency.

Books continued to show strong growth and increased operating profit by 32 per cent to £46.9m, largely due to improved margins and cost control. Underlying performance grew in all three divisions – professional, education and consumer.

The largest profit gain was in Butterworths. Reed said several acquisitions contributed to this result, but the main impetus came from production savings and control of overheads. A strong publishing programme contributed to a good result from consumer books.

Consumer publishing, comprising IPC magazines and Reed regional newspapers, increased operating profits by 26 per cent to £50.4m. It was helped by the return to profitability in the television listing sector and because IPC's core consumer magazines and the regional newspapers both performed well, in spite of a fall of revenue.

At IPC magazines, the downturn in advertising volumes was partly offset by higher circulation revenue. At Reed regional newspapers, the increase in operating profits was largely because of cost-cutting, although the group said many titles had strengthened their market positions.

Business to business published increased operating profits by 19 per cent to £21.2m. In the US, Cahners performed strongly in the medical and specialist consumer sectors. Costs were cut through keen paper and print buying, the implementation of pre-press technology and job losses. In the UK, Reed business publishing closed three magazines or merged and various activities were centralised, leading to greater efficiency.

Operating profits from travel and information services were 18 per cent down at £35.1m because of higher development costs, the rephasing of a major UK directory and difficult trading conditions in the US hotel market. In spite of adverse trading conditions, Reed travel group increased both revenue and profit by focusing on core activities.

Reference publishing saw operating profits dip to £7.2m (£7.5m) and profits from exhibitions were also down at £7.3m (£9.6m). Reed said both businesses were heavily geared towards the first calendar quarter, so the results did not give a true indication of the underlying performance.

Earnings per share rose 9.6 per cent to 17.2p (15.7p).

A final dividend of 7.25p gives a total for the nine months of 12.75p, an increase of 6 per cent on a pro-rata basis.

# Disposal helps ASH profit leap to £45m

Peggy Hollinger

A profit of £32m on the sale of its loss prevention business helped Automated Security (Holdings) report a sharp jump in pre-tax profits from £3.3m to £45.1m for the year to November 30.

The pre-tax increase – with 1991 profits restated to meet new accounting standards – was achieved on sales 11 per cent lower at £173.2m. At the operating level, profits rose from £25.8m to £30.5m.

During the year, ASH sold its European security and specialist CCTV business for £153m. The group also cut 620 jobs in the UK and US, resulting in redundancy costs of £3.7m.

Lord Lane of Horsell, deputy chairman, said the rationalisation completed during the year had left ASH "very much better both financially and operationally".

Profits from continuing operations increased by 6 per cent to £24m. However, Lord Horsell said that excluding the loss prevention business, pre-tax profits were £14.8m. This would be the benchmark by which ASH's future performance should be compared, he said.

Lord Horsell felt cautious about the immediate outlook in the group's two main markets – the UK and US.

The final dividend is increased by 8 per cent to 3.05p, for a total of 5.3p (4.9p). Earnings per share of 25.8p compared with losses last time of 6.6p. Excluding the disposal proceeds, earnings were 8.8p.

# Schroders expected to reveal inner reserves of £80m in next results

By Robert Peston, Banking Editor

SCHRODERS is likely to disclose next year that it has about £80m in hidden reserves. The merchant bank said yesterday that it would publish its inner or hidden reserves in its next set of full year results.

Analysts with a close knowledge of the group said these would be in the range of between 15 and 20 per cent of its £462m in published capital and reserves – a far higher proportion than most of its rivals.

Schroders also yesterday disclosed that it made after-tax profits of £64m, 23 per cent more than the previous year, excluding an extraordinary item.

Pre-tax profits, after the transfer of an undisclosed sum to inner reserves, were £67m, 20 per cent higher. "We are particularly pleased with the result, given that other merchant banks are finding conditions more difficult", said Mr Win Bischoff, chief executive.

He said that more than half the group's revenues now derive from outside the UK, although a large proportion of these were treated in its accounts as UK profits.

Last year's fall in the pound boosted by £5m the value of Schroders' overseas profits on translation into sterling. There was a similar benefit to the sterling value of funds managed by the group, which rose in the year from £27.7bn to £36.1bn. Mr Bischoff said that some £4bn of that growth was due to the translation effects of sterling's fall.

Corporate finance operations, which are the traditional heart of the group, acted in 99 transactions worldwide, with a value of £8bn. Of these, £6.3bn were international.

The final dividend is 16p, making 22p for the year, a rise of 22 per cent. A 1-for-1 scrip issue is also proposed.





## LEGAL NOTICES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re
MAXWELL COMMUNICATION CORPORATION plc, et al.,
Debtors.

Chapter 11.
Case No. 91 B 15741 (TLB)
Jointly Administered

**NOTICE OF HEARING TO CONSIDER APPROVAL OF PROPOSED DISCLOSURE STATEMENT, PROPOSED UNSECURED CLAIMS BAR DATE PROCEDURES, AND OTHER RELIEF**

PLEASE TAKE NOTICE that a hearing (the "Approval Hearing") shall be held before the Honorable Tina L. Brozman, United States Bankruptcy Judge, on April 26, 1993 at 10:00 a.m. in Room 631 of the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton U.S. Custom House, One Bowling Green, New York, New York 10004 (the "Bankruptcy Court") or as soon thereafter as counsel can be heard (the "Hearing Date") to consider the application (the "Application") of Andrew Mark Homan, Colin Graham Bird, Jonathan Guy Anthony Phillips and Alan Rae Dalziel Jamieson, joint administrators (the "Joint Administrators") for Maxwell Communication Corporation plc, debtor and debtor in possession ("MCC"), for entry of an order or orders at the Approval Hearing (the "Proposed Disclosure Statement Approval Order"):

1. Pursuant to Rules 3017 and 3003 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Sections 1125, 501, 1111, and 105 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"),

(a) approving MCC's proposed disclosure statement filed February 26, 1993 (as same may be amended prior to Court approval, the "Proposed Disclosure Statement") submitted in connection with its Plan of Reorganization dated and filed February 11, 1993 (as same may be amended prior to Court approval of the Proposed Disclosure Statement or as otherwise provided therein, the "Plan"), as containing "adequate information" as such term is used in Section 1125 of the Bankruptcy Code, and

(b) authorizing MCC, by the Joint Administrators, to solicit acceptances or rejections of the Plan, pursuant to the Bankruptcy Code, and the related Scheme of Arrangement, which is attached as an exhibit to the Plan (as same may be amended under English law, the "Scheme"), pursuant to English law, from holders of Class 3A Claims (capitalised terms used but not defined herein shall have the meanings ascribed to them in Annexure 1 to the Plan) against MCC, by the transmission of a copy of the Proposed Disclosure Statement as approved by the Bankruptcy Court (the "Approved Disclosure Statement"), the English Explanatory Statement describing the Scheme, and related documents (including a cover letter from the Administrators) to each such holder of such a Class 3A Claim authorized to vote on the Plan;

2. Authorizing the timing and manner for the solicitation of acceptances or rejections of the Plan and establishing voting and other procedures in connection therewith, including claims allowance procedures for voting purposes only;

3. Approving the forms of ballot to be used by MCC in conjunction with the solicitation of votes on the Plan;

4. Approving the form of all supplemental solicitation materials marked for identification and introduced as exhibits on the record of the Approval Hearing (which shall be filed with the Bankruptcy Court and provided to parties so requesting at or prior to the Approval Hearing);

5. Scheduling a hearing to consider confirmation of the Plan, pursuant to Section 1129 of the Bankruptcy Code ("Confirmation");

6. Fixing the time and manner for filing objections to Confirmation of the Plan;

7. Establishing the Unsecured Claims Bar Date procedure proposed by the Application, which (a) permits Proofs of Claim to be filed in the United States or Notices of Claim to be lodged in England, (b) provides for a subsequent order to be entered by this Court fixing the actual calendar date that is the deadline for the filing of proofs of claim in the United States that is consistent with the Plan and falls 60 days after the Effective Date (as defined in the Annexure to the Plan) or if that day is not a business day in London and New York, the next succeeding day which is a business day in London and New York, (c) prescribes a form of notice of the United States Bar Date and the English Claims Date, and (d) approves the uniform form of Proof of Claim and Notice of Claim attached as Annexure 2 to the Plan and the Scheme; and

8. Granting such other and further relief as this Court may deem just and proper.

PLEASE TAKE FURTHER NOTICE that all objections to the adequacy of the Proposed Disclosure Statement or such other relief requested in the Application with respect to the Proposed Disclosure Statement Approval Order (a) shall be in writing, (b) shall comply with the Bankruptcy Rules and the Local Bankruptcy Rules of this Court, (c) shall set forth the name of the objectant and the nature and amount of any claim or interest alleged by such objectant against MCC's estate or property, (d) shall state with particularly the legal and factual basis for such objection, and (e) shall be filed with the Clerk of Bankruptcy Court (with a courtesy copy provided directly to chambers), and a copy thereof served, by hand or by overnight delivery service, upon (i) counsel to the Joint Administrators, Milbank, Tweed, Hadley & McCloy, 1 Chase Manhattan Plaza, New York, New York 10005, Attn: John G. Gellene, Esq., (ii) counsel of record to MCC, Willkie Farr & Gallagher, One Citicorp Center, 153 East 53rd Street, New York, New York 10022-4669, Attn: Donna Lieberman, Esq., (iii) counsel to the Examiner, Hebb & Gitlin, One State Street, Hartford, Connecticut 06103-3178, Attn: Evan Flaschen, Esq., (iv) counsel to the UK Creditors Committee, Wachtell, Lipton, Rosen & Katz, 299 Park Avenue, New York, New York 10171, Attn: Meyer G. Koplow, Esq., and (v) the Office of United States Trustee, 80 Broad Street, New York, New York 10004, Attn: Arthur Gonzales, Esq., such that all objections are received no later than April 16, 1993.

PLEASE TAKE FURTHER NOTICE that this is not a solicitation of acceptance or rejection of the Plan or the Scheme (which is annexed as an Exhibit to the Plan). Acceptances of the Plan may not be solicited until the Proposed Disclosure Statement becomes the Approved Disclosure Statement pursuant to an order of the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that a copy of the Proposed Disclosure Statement, the Plan, the Bankruptcy Court's Order scheduling the Approval Hearing, and the Application are on file with the Clerk of the Bankruptcy Court, Alexander Hamilton U.S. Custom House, One Bowling Green, New York, New York 10004-1408, and may be examined by any interested party at any time during regular business hours. In accordance with Bankruptcy Rule 3017(a), any party in interest may obtain a copy of any such documents by submitting a written request for such documents to Milbank, Tweed, Hadley & McCloy, 1 Chase Manhattan Plaza, New York, New York 10005, Attn: MCC Disclosure Statement Clerk (fax number: (212) 530-5219).

PLEASE TAKE FURTHER NOTICE that MCC reserves its right to file an amendment or amendments (i) to the Plan, as provided therein or otherwise pursuant to the Bankruptcy Code and the Bankruptcy Rules, or (ii) to the Proposed Disclosure Statement, at any time prior to the Bankruptcy Court's entry of an order granting substantially all of the relief set forth in the Proposed Disclosure Statement Approval Order, or as otherwise provided pursuant to the Bankruptcy Code and the Bankruptcy Rules.

PLEASE TAKE FURTHER NOTICE that upon the Bankruptcy Court's approval of the Proposed Disclosure Statement, holders of impaired claims against MCC will receive copies of the Approved Disclosure Statement, the Plan (including the Scheme annexed as an exhibit thereto) and related documents.

PLEASE TAKE FURTHER NOTICE that the Disclosure Statement Approval Hearing may be adjourned from time to time without prior notice to creditors or interested parties other than the announcement of the adjourned date by the Bankruptcy Court on the Hearing Date as it may be continued from time to time for the Approval Hearing.

Dated: New York, New York
March 5, 1993

BY ORDER OF THE BANKRUPTCY COURT
HONORABLE TINA L. BROZMAN
United States Bankruptcy Judge
United States Bankruptcy Court
Alexander Hamilton U.S. Custom House
One Bowling Green
New York, New York 10004-1408

MILBANK, TWEED, HADLEY & MCCLOY
1 Chase Manhattan Plaza
New York, New York 10005
Attn: John J. Jerome, Esq.
John G. Gellene, Esq.
Attorneys for the Joint Administrators

## COMPANY NEWS: UK

Nursing home operator plans to raise £63m

# Westminster Health float gives £130m tag

By Maggie Urry

WESTMINSTER Health Care, the nursing home operator, is planning to raise £63m through a flotation likely to value the group at over £130m.

WHC yesterday issued the pathfinder prospectus for the float, which will involve a placing with institutions and a clawback of up to 25 per cent for the public.

The group is forecasting pre-tax profits for the year to May 31 1993 of £3.85m, up from £1.67m.

On a pro-forma basis, taking the proceeds of the flotation into account, the pre-tax forecast is £7.94m.

With a 16 per cent tax charge, and applying a multiple in line with Takare, the nearest comparable quoted company, analysts expect a market value of over £130m. Net assets after the float will be £79.5m.

WHC has expanded rapidly since it was founded in 1985. It has been backed by National Medical Enterprises, a leading US health care group.

NME's stake will fall below 50 per cent through the float, but neither it nor any other existing shareholders will sell shares in the float. NME promised not to sell any shares for a year afterwards. WHC and NME have a non-competition arrangement.

The prospectus referred to legal proceedings against NME in the US, relating to allegations of improper and unlawful practices at its psychiatric hospitals, but says that "these matters do not involve WHC or any of the non-executive directors nominated by NME".

WHC will have 3,236 beds in operation in 47 homes by the end of May, with another 600 beds in development and a further 300 beds planned.

Mr Pat Carter, chief executive, said the market for private nursing homes is worth £2.2bn a year and there will be demand for 77,000 extra beds by the end of the century because of demographic changes.

Capital expenditure is likely to be between £20m and £25m a year, Mr Kent Phippen, finance director, said. The group has a £40.5m bank facility and a further £10m loan from NME.

After the float it does not expect to raise further equity capital for two years.

WHC's policy on interest is to capitalise it up to the day a new home opens. After that it is charged to the profit and loss account.

Practices in the industry vary, with WHC more conservative than some.

Pricing for the issue will be announced on March 31, with applications closing on April 8 and dealings expected to start on April 15.

The public can register for a mini-prospectus from today by ringing 0500 304050. Sponsors are Barclays de Zoete Wedd and brokers are de Zoete & Bevan.

# Cookson raising £45m via assets sale

By Paul Taylor

COOKSON GROUP, the industrial materials company which launched a £186m 1-for-4 rights issue earlier this month, is raising another £45m through the sale of a number of non-core businesses.

The move is part of the management's strategy of selective disposals to refocus the group on four product divisions: electronic material, ceramics, engineered products and plastics.

Cookson has sold the business, and some manufacturing assets, of its Industrial Precision Castings subsidiary to Charles Baynes.

Minneapolis-based Spectrum Colours, which produces colour concentrates for plastics manufacturers, is being sold to Sandoz Chemicals.

Agreement has also been reached on the sale of Cookson's 80 per cent stake in IST Laboratories, an engineering design house founded in 1987 which develops specialist integrated circuits.

Finally, the group is selling its US speciality plastics compounding businesses, Monmouth Plastics and Texapol to MA Hanna.

The businesses being sold had turnover of about £23m in 1992. After exceptional items, Monmouth, Texapol and Spectrum had combined operating profits of £2.3m last year, while IPC and IST incurred operating losses after exceptional items of about £4.1m.

# Shopacheck boost for Cattle's

By Paul Taylor

CATTLE'S (Holdings) reported a 27 per cent increase in pre-tax profits for 1992, mainly as a result of the continuing strong performance of its consumer credit business.

Profits increased to £12.4m (£9.8m) on turnover lower at £217.8m (£244.7m) mainly reflecting the flotation of a 55 per cent stake in Rosebys, the curtain and linen stores group, early last year.

The core consumer credit division, led by Shopacheck, the door-to-door weekly credit business, increased profits to £12.3m (£9m) on turnover of £167.1m (£154.8m).

Mr Eddie Cran, chief executive, said the gain highlighted the rationalisation benefits following the acquisition of Compass Credit at the end of 1990. He added that the charge for bad debts fell "despite the difficult economic background".

The insurance services division lifted profits to £800,000 (£600,000) while the hire purchase and leasing division reduced losses to £1.1m (£1.5m) despite a continuing high level of write-offs and increases in bad debt provisions reflecting the problems of its small business customers.

The group has reduced its non-core activities, selling the Indoor Leisure Centre at a small loss in December and reducing the size of the retail video film hire and travel agency businesses and charging closure costs agains profits.

Rosebys' contribution to pre-tax profits as an associate was £1.1m last year compared to £2.2m in the previous year when it was a wholly owned subsidiary.

The disposal realised a surplus of £4.6m, of which £3.2m was transferred to reserves in respect of goodwill previously written off, and £1.4m was credited to the profit and loss account as an extraordinary profit.

Earnings increased to 7.82p (6.13p) per share; a recommended final dividend of 2.6p lifts the total for the year from 3.8p to 4.7p, including a special distribution of 0.5p.

# Buoyant exports lift Rotork

By Angus Foster

STRONG SALES to UK water companies and the world oil industry led to double digit profits growth at Rotork, the designer and assembler of valve activators and associated electronic control systems, in 1992.

Annual pre-tax profits increased by 10.5 per cent from £9.5m to £10.5m. At the interim stage, profits increased 11 per cent to £4.84m.

Mr Tom Eassie, chief executive, said that while many smaller UK companies were affected by recession, Rotork had benefited from buoyant export orders. "We're picking up business from all around the world," he said.

Turnover increased 11 per cent from £51.5m to £57.1m.

Rotork Actuation, the valve division which accounts for more than 80 per cent of sales, performed well. Order levels improved "appreciably" from a year ago, with especially strong growth in the final quarter.

The much smaller analysis division, which supplies air monitoring equipment, made a small operating profit after losses in the previous year. However, the division's sales are likely to remain subdued until stricter environmental rules on pollution are in force.

Earnings increased 10 per cent to 22.69p (20.66p) per share. The recommended final dividend of 6.5p makes a total of 11.15p (10p).

Rotork's shares, which have performed strongly since 1991, added a further 3p to 448p yesterday, compared to their 12-month low of 258p.

Because of the share price rise, and in order to improve the liquidity of the shares, the directors are proposing a 1-for-1 one share split, immediately followed by a 1-for-2 capitalisation issue. This will increase the issued share capital from 28.9m to 86.7m shares.

# Ernest Green declines 35% to £302,000

Ernest Green & Partners Holdings, the structural, civil and environmental engineering consultancy, saw interim pre-tax profits decline by 35 per cent from £468,000 to £302,000 on reduced sales of £3.64m, against £4.03m.

Mr David Legg, chairman, referred to the depressed level of construction work, but measures to match resources and costs to work available had enabled the company to remain profitable in the six months to December 31.

In the previous first half the USM-quoted company had carried rationalisation costs of £142,000, offset partly by £126,000 from property sales.

An unchanged interim dividend of 2.75p is payable from earnings of 2.8p (4.6p).

# CrestaCare cuts losses to £1.49m

CRESTACARE, the nursing home operator which is selling its sheltered housing and commercial property activities, recorded a reduced loss before tax in 1992 of £1.49m, against £13.2m, writes Maggie Urry.

The group made an operating profit of £3.9m (loss £138,000) on turnover up by half to £25.6m, compared with £17.2m.

A change in accounting policy meant a £2m adverse restatement of the 1991 figures. CrestaCare is now charging costs incurred after a home opens to the profit and loss account. Previously it had deferred such costs until the home reached a certain occupancy rate.

The operating profit from nursing homes rose from £1.52m (restated from £3.5m) to £4.16m. Other activities lost £229,000 (£1.66m). The interest charge was lower at £2.9m (£458,000).

Exceptional costs of £2.5m (£12.6m) largely reflected property write-downs. There was a retained loss of £2m (£15.5m) and losses per share were 1.6p (16.2p).

The good result from nursing homes encouraged the group to declare a 0.4p final dividend (nil), to give a total of 0.5p (0.7p).

Year end borrowings were £21.2m, compared with net assets of £28.2m but the group expects to raise between £8.5m and £9m from property sales.

## Northern Foods makes £2m purchase

Northern Foods has expanded its speciality breads business through the acquisition of Grand Metropolitan's Oakland burger bun and pizza dough operation.

Consideration amounts to about £2.2m cash, dependant on future volumes. Oakland's sales in the 12 months to September 1992 were some £9m.

# FMT ends search for European partner via link with Rambaudi

By Andrew Baxter

FMT, the Brighton-based machine tool producer which was bought out from Vickers in 1988, yesterday announced a co-operation deal with Rambaudi, a Turin-based machine tool builder.

The deal, unveiled in London by Mr Mike Bright, chairman of FMT, and Mr Bruno Rambaudi, chairman and president of Rambaudi, ends a long search by FMT for a European co-operation partner.

FMT is one of the few surviving British-owned machine tool builders competing head-on technologically with the Japanese producers in flexible manufacturing systems.

For both companies the agreement represents a response to Japanese competition. The deal brings together two companies with a complementary product range. They will market each other's products in their home countries, and work together on joint projects in third markets where the best technology of both partners can be combined in a turnkey package.

FMT's product portfolio will be strengthened with Rambaudi's range of vertical spindle machines, while the Brighton company's horizontal spindle machines will be available to Rambaudi for the Italian market.

Both companies have seen sales and employment fall sharply over the past two years because of recession. FMT's turnover has fallen from £22m in 1989-90 to a projected £11m this year, while Rambaudi's has fallen from L70bn to L50bn (£22.8m). However, Mr Bright said recession was not the driving force behind the merger. By working together, the two companies would find it much easier to win European Community funding for research and development.

The two companies are considering whether to work together on projects such as high-speed milling and machining. Closer financial ties have not been ruled out, although Mr Rambaudi said the initial priority was to ensure that what has been decided is working successfully.

## Chelsea fans offered chance to save ground

Supporters of Chelsea Football Club are being given the chance to buy shares in a new company being set up to eventually acquire the club's Stamford Bridge ground in London.

The new company, Chelsea Pitch Owners, is offering nearly 70,000 shares at £100 each to the public.

The money will be used to buy the ground from Royal Bank of Scotland, which acquired it when former owner Cabra Estates went into liquidation last November. RBS granted Chelsea a 20-year lease and an offer to buy which expires in 2012.

Directors of CPO include Mr Tony Banks, MP for Newham North West, and Mr Dennis Wise, the Chelsea player.





## PUBLIC NOTICE

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SECTION 10(7) OF THE TELECOMMUNICATIONS ACT 1984

Licence to run telecommunication systems under section 7 of the Telecommunications Act 1984 granted to Ionica L3 Ltd.

1. The Secretary of State hereby gives notice:
   (a) that he has duly reconsidered the proposals in respect of which he published a notice on 11 August 1992 under subsections 8(5) and 10(6) of the Telecommunications Act 1984 ("the Act") regarding his intention to grant a licence under the Act to Ionica L3 Ltd ("the Licensee") to run telecommunication systems throughout the United Kingdom;
   (b) that he has granted such a licence ("the Licence") to Ionica L3 Ltd being a licence which includes conditions such that section 8 of the Act applies to it, thereby making the Licensee eligible to have the telecommunications code contained in Schedule 2 to the Act applied to it under section 10 of the Act;
   (c) that he has applied the telecommunications code ("the Code") to the Licensee subject to certain exceptions and conditions. The effect of these exceptions and conditions is that the Licensee has duties:
      i. to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground;
      ii. to comply with conditions designed to ensure efficiency and economy on the part of the Licensee, in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of its apparatus;
      iii. to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities, the Nature Conservancy Council, the National Trust and the National Trust for Scotland, as well as relevant electricity suppliers;
      iv. to keep and make available records of the location of its underground apparatus and copies of the exceptions and conditions in the licence to its powers under the Code; and
      v. to ensure that sufficient funds are available to meet certain liabilities arising from the execution of street works.
2. The Secretary of State has applied the Code to the Licensee:
   (a) because the Licensee will need the statutory powers in the Code to install and maintain the telecommunication systems which are to be installed and run under the Licence;
   (b) subject to the exceptions and conditions referred to above because they are considered requisite or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land than necessary, that the system is installed as safely and economically as possible, and that the Licensee can meet (and relevant persons can enforce) liabilities arising from the execution of works.
3. The Secretary of State has granted the Licence because he considers that it will help to satisfy demands in the United Kingdom for the provision of services of the type authorised, will promote the interests of consumers in respect of the quality and variety of such services, and will maintain and promote effective competition between those engaged in the provision of telecommunication services.
4. The Licence has been granted for a period of 25 years in the first instance and is subject to revocation by the Secretary of State on 30 days' notice in the circumstances specified in the Licence.
5. Copies of the Licence may be obtained from the Office of Telecommunications (Library), Export House, 50 Ludgate Hill, London EC4M 7JJ, price £12.00 (postage and packing free).

P J Kirby, Department of Trade and Industry

## COMPANY NOTICE

BAYER AKTIENGESELLSCHAFT

The Annual General Meeting of Bayer Aktiengesellschaft will be held on 28th April, 1993 in Cologne. Payment of a Dividend of 22% for the year 1992 will be proposed.

Copies of the Company's Annual Report for 1992 in English will be available from S.G.Warburg & Co. Ltd.

United Kingdom Shareholders who wish to attend and vote at the Annual General Meeting should by 20th April, 1993, inform S.G.Warburg & Co. Ltd., Paying Agency, 2 Finsbury Avenue, London EC2M 2PA who will make the necessary arrangements on their behalf.

Under Section 125 of the German Companies Act, the Board of Management is only obliged to provide information on proposals and nominations that may be made by shareholders if the parties concerned prove their standing as shareholders in good time.

BAYER AKTIENGESELLSCHAFT

19th March, 1993

## LEGAL NOTICE

In the High Court of Justice No. 001002 of 1993
Chancery Division.
IN THE MATTER OF
B. ELLIOTT Public Limited Company
AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of the High Court of Justice, Chancery Division, dated the 10th day of March 1993 confirming the reduction of the capital from £33,881,082.15 to £11,747,016.60 and the reduction of the Share Premium Account of the above named Company and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on the 11th day of March 1993.

Dated this 19th day of March 1993
CLIFFORD CHANCE
200 Aldersgate Street
London EC1A 4JJ
Ref: KO
Solicitors for the above named Company

**COMPANY NEWS: UK**

Margin improvement and business consolidation are main priorities

# Keebler setback cuts UB to £162m

By Guy de Jonquières, Consumer Industries Editor

UNITED BISCUITS, Britain's largest biscuits and snacks manufacturer, pledged yesterday to make margin improvement and consolidation of its business its top priorities after reporting an 18 per cent fall in pre-tax profits to £162.3m for the year ended January 2.

The result, which mainly reflected a severe setback at Keebler, the group's US subsidiary, compared with profits for the previous year of £197.2m, restated to conform with the FRS 3 accounting standard. Before restatement, the 1991 figure was £211.3m.

Sir Robert Clarke, chairman, said that although market conditions in the past 12 months were the toughest for many years, all divisions had begun the current year well and trading was considerably ahead of last year.

He expected group turnover to slow in the next two years, but profits and earnings to increase more rapidly. "The name of the game is profit. The traditional UB values of grinding out higher margins will now be evident in continental Europe, Australia and the US," he said.

Mr Eric Nicoll, chief executive, said: "We realise a period of consolidation and relative stability would be appropriate." He foresaw no further large acquisitions, apart from a possible bid for the biscuits business of Royal Brands, the Spanish food manufacturer.

Profits were reduced by an exceptional item of £3.3m, compared with a restated £12.6m the previous year.

Turnover rose 5 per cent to £3.12bn (£2.98bn), with continuing businesses advancing 6 per cent to £2.94bn. Operating margin, before exceptionals, fell to 6.7 per cent (8.2 per cent).

Operating profit at Keebler fell 60 per cent to £26.2m (£65.6m). UB expected Keebler this year to recover about half last year's fall in profit under a new management which was more concerned with costs and margins than with increasing volume and market share.

A 31 per cent increase in profits from continental Europe, where it has recently made several acquisitions, helped McVitie's raise operating profits 5 per cent to £111.8m. Profit rose 1 per cent to £92.7m in the UK, where a decline in the UK biscuit market early in the year was reversed in the second half.

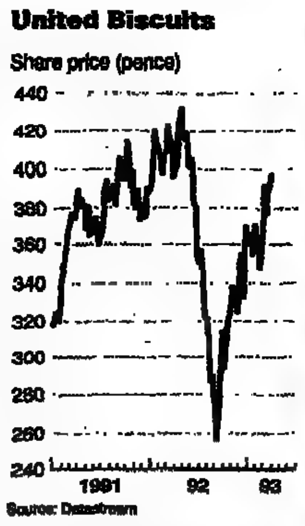
KP Foods also benefited from operations on the Continent, which increased profits 15 per cent to £7.6m, helping the division lift operating profit 3 per cent to £44.8m. In the UK, KP's profits grew 1 per cent to £37.2m in the face of keen price competition, though it increased its share of a declining savoury snack market.

Ross Young's, the frozen foods subsidiary, lifted profits 4 per cent to £28.5m, though disposals and restructuring reduced turnover by 4 per cent. The business enjoyed a good second half and was said by UB to have been "transformed and re-vitalised".

Terry's, the chocolate business which is being sold to Philip Morris, the US tobacco and food company, suffered a 6 per cent fall in profit to £13.4m despite a 15 per cent rise in sales. UB blamed the poorer result on a weak UK market and price competition.

Earnings per share fell to 22.4p (28.1p). The final dividend is held at 9.8p, bringing the total for the year to an unchanged 15.3p.

See Lex




Sir Robert Clarke: trading had begun well in current year

# Strong US boost helps Telemetrix to £9.8m

By Hugh Carnegy

TELEMETRIX reported pre-tax profits more than doubled to £9.8m in 1992, compared with a restated £4.1m, thanks mainly to strong sales growth and sharply-improved margins in GTI, its US subsidiary.

Group turnover rose 17 per cent to £98.2m (£83.7m) as Telemetrix completed a restructuring and management shake-up to concentrate on the manufacture of components for local area computer networks and telecommunication systems, test equipment and support services.

The most dramatic improvement came at GTI, the Nasdaq-quoted company in which Telemetrix has a 61 per cent stake, and its Valor unit making networking products. GTI's turnover improved 37 per cent to £60.9m (£44.5m) while profits surged to £8.2m (£4.7m).

Mr Tim Curtis, chief executive, said the group saw great potential for further growth in the LAN market, explaining that most personal computers were still not connected to a network.

Zetex, the wholly owned UK maker of specialist semi-conductors, also saw a sharp increase in profits to £2.2m (£1.2m) on turnover up from £12.1m to £15.9m.

Telemetrix said that group debt had been eliminated. Restructuring costs associated with the closure of the defence sector business of the Trend subsidiary, taken above the line, were £4.3m (£1.5m).

These were largely offset by a gain of £3.4m from the sale of part of the holding in GTI.

Earnings per share were up sharply at 5p (1.7p). The dividend is lifted to 0.8p (0.6p).

## Celltech issue

Celltech Group has raised £5m (£3.5m) through the issue of convertible redeemable cumulative preference shares to American Cyanamid Company.

# Kwik-Fit blames trading down for decline to £17m

By Paul Taylor

KWIK-FIT Holdings, the tyre and exhaust fitter, yesterday blamed motorists who have reduced and deferred expenditure on car maintenance for a 47 per cent decline in full year profits.

Pre-tax profits in the year to February 28 fell from £32.1m to £17.1m on turnover down 8 per cent to £233.6m (£253.8m).

Commenting on the latest results Mr Tom Farmer, chairman and chief executive, said the year had seen "the toughest conditions in the automotive industry Kwik-Fit has experienced in 22 years of trading."

The reduction in consumer spending on car maintenance had coincided with aggressive competition as companies fought for market share.

"We operate in a business that has a high fixed cost base and the decline in sales has had a disproportionate negative effect on profitability," he said.

Following record results in 1991 Mr Farmer said the group had been expecting a slow start to the year, but believed that expenditure on car maintenance and essential automotive products could not be deferred".

However, not only was overall tyre demand down, but the sales mix changed from premium brand products to economy brands and remoulds as motorists and companies reduced their costs and expenditure. In contrast, exhaust sales, which could not be deferred were maintained at the previous year's level.

Despite the rising cost of utilities, rents, rates and insurance, and the associated cost of opening 19 new centres, together with the refurbishment of 30 existing centres, Kwik Fit's overall costs increased by less than 5 per cent.

The group remained the market leader with 610 centres and more than 4m customers last year.

Earnings per share showed a decline from 13.27p to 7.06p. However, the recommended final distribution is maintained at 2p making an unchanged total for the year of 3.35p.

**COMMENT**

Tough new tyre legislation last year should have given the Kwik-Fit business a boost in the usually stronger second half. But no-one, least of all volume sensitive Kwik-Fit, reckoned on the risks motorists were prepared to take. Police surveys show that one-in-four cars on the road is illegal. Those motorists who are changing tyres are buying lower priced brands, hitting both turnover and margins while overheads stay fixed. And there are more competitors. Yesterdays results were slightly better than some analysts had feared and as a result the shares gained 1p to close at 107p. This recently volatile stock has taken investors on a rollercoaster ride over the past year, touching a high of 223p and a low of 71p. Pre-tax profits forecasts range from about £16.5m to £19m producing earnings of between 6.5p and 7.5p per share. But without a pronounced and early recovery the stock still looks fully valued.

# PRT Budget change may force Seafield Resources overseas

By Catherine Milton

SEAFIELD Resources, the USM-quoted oil and gas exploration and production company, yesterday warned Budget changes might force it to concentrate on overseas exploration.

The warning came as the company announced a fourfold increase in pre-tax profits from £256,000 in the 15 months to the end of December 1991, reflecting a change in year-end, to £1.06m in the 12 months to December 31.

The biggest overhaul of North Sea taxation in 10 years was announced in Tuesday's Budget. The most controversial change would prevent companies from offsetting exploration and appraisal spending against income from fields which incur Petroleum Revenue Tax. Oil companies would pay about 64p net of every £1 invested, compared with the present 17p.

Mr Roger Witts, finance director, said: "Over time we may concentrate a greater part of our cash flow on overseas exploration if we think prospects are better."

The company was reviewing strategy, but the industry would interpret transitional relief arrangements broadly, he said. It would argue that the two-year extension of PRT relief for companies with existing contracts included those obligations attached by the government to licences.

Others in the industry believed, however, the concession extended only to signed drilling contracts.

UK operating profits, including a first full-year contribution of the Victor field gas were £1.27m, compared with £710,000, which included the first five months of Victor production.

The group used about 90 per cent of the PRT tax shelter generated by Victor, giving a total tax charge of £200,000 (£120,000).

Operating losses on US activities doubled to £600,000 (£300,000).

Victor contributed turnover of £4.4m (£2.7m) to a total of £5.55m (£5.41m), the balance coming from US activities. Net interest receivable was £426,000, compared with a charge of £160,000 last time.

Earnings per share rose to 1.7p (0.6p).

# Evans Halshaw halved but sees improvement

By Paul Cheeseright, Midlands Correspondent

EVANS HALSHAW, the motor dealing and vehicle management group, last year reached the lowest point of its fortunes in the recession, but yesterday promised "a real improvement in earnings" if early signs of market recovery continued.

Pre-tax profits of £1.71m in 1992 compared with £3.86m – a 56 per cent fall caused largely by the £1.6m cost of closing car and truck dealerships in Bristol and Avonmouth.

Earnings per share on continuing businesses were 10.9p (13.6p). However, with a final dividend of 7.65p, the total is maintained at 11.25p.

Mr Geoffrey Dale, chairman, was relaxed about having an uncovered dividend. He noted the improvement in trading over the first quarter, observed that last year the company had taken £2m of costs out of the business and pointed to likely benefits of the development programme, notably the multi-franchise dealerships.

Last year, Mr Dale said, "was the most difficult year for our industry I can remember and I've been in it for 20 years."

Group turnover was steady at £342m (£340m). Car and commercial vehicle sales from the 43 dealerships contributed 20 per cent of the £5.4m operating profits, the rest came largely from parts and, most significantly, service business.

Interest payments were £3.03m, against £3.24m.

After stripping out from the balance sheet contract hire vehicles, where the amount borrowed to buy them is matched by the holding of vehicles as assets, gearing was 15 per cent.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims: Bennett & Fountain, Fortnum & Mason, Trace Computers.

Finals: Anglia TV, Arcolectric, Cairn Energy, Crowther (J), Fired Earth Tiles, Global, Haden MacLellan, Hornby, IoM Steam Packet, Molins.

FUTURE DATES

| | |
|---|---|
| Interims- | |
| Lloyd Thompson | Mar 3 |
| Sheldon Jones | Mar 26 |
| Finals- | |
| Acorn Computer | Mar 24 |
| Ash & Lacy | Mar 31 |
| Baird (Wm) | Mar 31 |
| Booker | Mar 25 |
| CIA | Mar 23 |
| Campari Intl | Apr 15 |
| Country Casuals | Mar 31 |
| Gibbs and Dandy | Mar 24 |
| Grampian TV | Apr 30 |
| Portmeirion Potteries | Mar 26 |
| Ross | Mar 24 |
| Senior Engineering | Mar 31 |

# Trade Indemnity reduces deficit sharply to £4.9m

By Richard Gourlay

TRADE INDEMNITY, the UK's leading independent credit insurer, expects renewed growth in the second half of the year, but is not expecting business insolvencies to fall by more than 10 per cent.

Mr Vic Jacob, managing director, said that an equally grim picture emerged from policy holders who told the company that they were not expecting much increase in sales in 1993.

"That is not an encouraging sign for the next 12 months," Mr Jacob said.

Trade Indemnity, which is 80 per cent controlled by nine European insurance groups, has about 100,000 UK customers, representing what Mr Jacob termed a "fair selection of the active corporate community" in the UK.

The group yesterday reported sharply reduced pre-tax losses of £4.9m (£46.6m) on gross premium income up 6 per cent at £147m (£139m).

Underwriting losses on continuing operations fell from £25.1m to £6.7m, while the loss on discontinued business was £6.8m, against £25.5m. Business insolvencies in 1992 fell only 4 per cent from the record level of the previous year.

The company said the increase in premium income had been achieved despite the fact that policy holders had been hit by a fall in sales on which premiums are based.

The improved performance had followed better risk and underwriting control and more targeted marketing.

Losses per share were 1p, down from 26.35p.

# Vestel falls 25% after poor sales in final quarter

By John Murray Brown in Ankara

VESTEL Elektronik, the consumer electronics subsidiary of Polly Peck International which is listed on the Istanbul exchange, reported pre-tax profits down 25 per cent in 1992 to TL55.9bn (£4.1m).

Turnover increased by 16 per cent to TL1,523bn, underlining a sharp drop in dollar terms, given inflation running at about 70 per cent. Analysts were surprised by the results, having forecast sales closer to TL2,150bn. They said sales in the last quarter were sharply down.

PPI's administrators are trying to sell Vestel, with the proceeds going to PPI's creditors. The results, however, underline Vestel's financing problems since PPI was forced into administration in 1990. Interest charges more than doubled to TL462bn as PPI letters of credit facilities have dried up.

Vestel achieved about $70m (£49m) in exports.

The company sold 25 per cent of its white goods arm to Merloni Elettrodomestici, the Italian group best known for its Ariston brand. The sale realised $8.5m extraordinary income. Merloni is expected to take up its option to become the 51 per cent majority owner.

The administrators are also in negotiations with a number of interested parties to buy PPI's 86 per cent stake in Vestel.

Vestel's AGM yesterday elected Mr AN Kuball as chairman. His predecessor, Mr Tashin Karan, who was credited with building up the company, retired.

**NEWS DIGEST**

## Interest cut boosts Vinten

VINTEN Group, the camera mountings and systems, surveillance and electro-optics company, reported 1992 pre-tax profits 11 per cent ahead at £10.2m, against £9.18m, on turnover up 22 per cent from £63.3m to £77.3m.

The rise was helped by a fall in interest charges from £1.7m to £1.08m. Strong cash flow during the year enabled the company to cut gearing to 27 per cent while financing acquisitions and capital spending.

Earnings per share came out at 21.7p (20.5p). A final dividend of 5.1p is proposed, for an increased total of 7p (6.6p).

### Burford burdened by interest charge

sharp fall in interest income together with losses in its publishing division reduced pre-tax profits at Burford Holdings to £52,000 in 1992.

That compared with previous profits of £698,000 and came on sales of £10.3m (£9.84m). Rental income contributed the bulk of the latter figure at £8.53m (£4.97m).

The results from the property investment and publishing group were prepared under the FRS 3 standard.

Publishing suffered losses of £143,000 (£443,000 profit) and property profits fell to £195,000 (£255,000).

Interest income declined to £2.26m (£6.12m), leaving the net charge at £4.06m (£482,000).

A final dividend of 0.65p makes a 1.15p (0.95p) total. Earnings per share amounted to 2.98p (1.82p).

### Martin Currie Pacific assets up

Martin Currie Pacific Trust improved its net asset value per share from 297.2p to 378.7p over the year to February 28.

Net revenue fell from £134,000 to £118,000, giving earnings per share of 0.94p, against 1.1p.

An unchanged dividend of 0.4p is recommended.

### Rea Brothers jumps to £805,000

Rea Brothers, the banking group, lifted pre-tax profits from £261,000 to £805,000 in 1992.

Earnings per share amounted to 0.82p against losses of 0.42p and the proposed unchanged final dividend of 0.25p holds the total at 0.5p.

### Holders Technology improves to £0.39m

Holders Technology, the USM-quoted precision tools and specialised materials business, saw pre-tax profits advance from £380,000 to £394,000 in the 12 months to November 30. Turnover was £3.48m, against £2.98m.

Despite the increasing confidence expressed at the interim stage the company said the second half was below best expectations.

Earnings per share were 9.07p (8.56p). An unchanged final dividend of 4p is proposed for a maintained total of 6p.

### Rolls-Royce makes £7.9m disposal

Rolls-Royce has disposed of Thompson Valves, its needle valve, pressure regulator and controller business, to Charles Payne for £7.9m cash.

Directors said the decision to shed Thompson was in accordance with the company's intention to concentrate on its core operations.

Adviser to the deal was KPMG Corporate Finance.

### Edmond Holdings £1.15m in the red

Edmond Holdings, the housebuilder operating in Humberside, East Anglia and South Wales, fell £1.15m into loss at the pre-tax level in 1992. The previous year saw profits of £1.73m.

Turnover amounted to £12.6m (£17.3m) and the pre-tax loss was after exceptional redundancy costs of £253,000 and provisions on land and debtors of £420,000.

House completions totalled 232 at an average price of £54,000 compared with 329 at an average price of £52,500.

Losses per share came through at 1.52p (2.41p earnings) and the proposed final dividend is cut to 0.15p (1.2p) for a total of 0.5p (1.85p).

### English & Scottish Investors assets rise

English & Scottish Investors reported net asset value of 106.7p at January 31, compared with 86.3p a year earlier.

Net revenue for the year to end-January was £2.22m (£2.36m).

Earnings per share came through at 1.36p (1.45p).

An unchanged second interim dividend of 1.25p is recommended for a total of 1.75p.

### Quicks recovery continues

Despite a fall in turnover from £208.7m to £198.5m, Quicks Group, the motor distributor, continued its recovery and finished 1992 with pre-tax profits of £2.06m. This compared with previous losses of £952,000.

Profits at halfway totalled £1.11m.

The year-end results were produced under accounting standard FRS 3. The 1991 figures were adjusted accordingly.

After tax of £738,000, compared with a £154,000 credit, earnings per share were given as 7.8p (5.2p losses).

The dividend for the year is lifted to 4.5p (3p). This includes an increased final of 2.75p.

## RECRUITMENT

### JOBS: Rude awakening for victims of decades-long refusal to face up to a fundamental question

# Those who pay the managerial piper...

"STOP them making that noise," ordered the Jobs column's wife, elbowing it out of sleep in the early hours. Unable to hear anything – it was before we had children – I asked which noise she meant. Her reply was my first introduction to the experience of a haunting mystery.

"They're playing that tune Oldham on the tins," she said.

She then lapsed into coma, leaving me lying there twitching. After all, my failure to hear any untimely music-makers might have been simply because I was too deeply asleep. Nor was the momentary quiet any guarantee that they wouldn't strike up again as soon as I nodded off.

So deciding street rowdies must be responsible, since all of our neighbours were old, I went and got a bucket of water and put it by the window. Their next number was going to be "Stormy weather". I vowed...until the mystery took me in its grip.

What bugged me was not the unconventional instruments they had reputedly been playing – a scaled-down steel band, perhaps – but that I couldn't remember how the tune called "Oldham" went. As it was named after a town, I reasoned, it must be a hymn-tune on a par with "Aberystwyth" ("Jesu, lover of my soul..."). And I was just pondering whether it would be Christian to pour cold water on people performing sacred music even at an ungodly hour, when sleep supervened.

Although next morning the tins-players had gone without trace, I was soon at the church consulting hymnals. But neither then nor since have I managed to come any nearer to my quarry than "Warrington" ("O son of God, eternal love..."). Hence the mystery of the tune called "Oldham" continues, and all the more hauntingly because it has now been joined by the equally bewildering quest for the book called "The New Geo-Economics".

Once again there is a clue. The Times Literary Supplement recently named not just the book, but the author at the foot of an article he'd written. He is Edward H. Luttwak of the Center for Strategic and International Studies in Washington. But there was no mention of the book's publishers which, wanting to read it, I needed to know. Nor was there any reference to it in the FT's compendious database, and the Literary Supplement was unable to help since the article had come in by fax and the publishers' name had apparently *fallen off the bottom.*

I therefore telephoned the Washington Center, which referred me to another number. When I called it, an answering machine referred me to a further number. It turned out to be a second answering machine which referred me to a third. And all it would say was that Dr Luttwak "is out of town until May" which comes across as barely plausible, sounding a bit like "he's in the bath until a week on Saturday".

So here I am stranded, not even as near as the equivalent of Warrington, which is a pity because his article suggested that his elusive book sheds light on a problem now bedevilling a great many young people. While by no means confined to Britain, it was graphically depicted by one Sha Wylie of Southampton who, after graduating last year and applying for many jobs only to receive rejections, has suffered the final indignity of having a request for an application form rejected.

Understandably angry, Sha Wylie – like a lot of others similarly jobless – puts the blame squarely on the current British government's handling of the economy. My suspicion, however, is that the problem is rooted much farther back, with today's unemployed graduates hit by the cumulative effects of successive governments' neglect of a question which should have been cleared up 30 years ago. Worse, if I twig Edward Luttwak aright, standard economic measures are not going to provide an effective answer.

Now, unlike "Oldham", the long neglected question will strike enduring readers as an all too familiar tune, having last been on the order of service only five weeks ago. The question is how an education system increasingly focused on getting youngsters through academic-type tests and exams is going to arrest economic decline, let alone generate Britain's renewed prosperity.

The point was glossed over by the committee of inquiry headed by the late Lord Robbins which in 1963 recommended the first post-war expansion of higher education. It was apparently just assumed that enriching the workforce with a larger share of folk educated to what is deemed a higher level, would somehow of itself make the nation more productive as well as civilised.

That assumption can hardly be said to have been justified by events, which have rather borne out doubts voiced at the time by a few dissenters. They argued that increased concentration on academic pursuits would lead youngsters with at best middling talent for them to continue with scholarly studies in preference to practical training more suited to their mix of abilities.

The result would be twofold. Fewer and fewer teenagers would join the workforce motivated to learn to do skilled jobs. More and more graduates would join it at the age of 20-plus, believing that their degrees entitled them to enter at a higher level even though all that most of them were practically equipped for was clerical and administrative work.

True, that may have been sustainable as long as such work was plentiful. But things have changed – which brings Edward Luttwak back into the act.

To judge by his article, his thesis is that while conventional macroeconomic theories might work perfectly well in a world run by economically rational people, the rationality of those who actually run same is less economic than political. Hence in their urge for power, those in the developed world have as their goal "not the highest possible standard of living for a country's population, but rather the conquest or protection of desirable roles in the world economy."

"The winners will have those highly rewarding and controlling roles," he adds, "while the losers will only have the retail business and assembly lines – if their home markets are large enough, or if fully assembled imports are kept out by trade barriers. We have already seen that when 'transplants' replace domestic production, the local employment of manual and semi-skilled labour may continue, but finance and all higher management, as well as much research and development and design, are transferred back to the country of origin."

At which point, if he's right, it is not only the Sha Wylies of Britain who will rudely awaken to their own sad role in the drama. The same may well apply to older Brits whose executive-type jobs have disappeared to places with earnings enough to pay numerous managerial pipers.

Moreover, if it is true such jobs are plentiful only in the countries of origin of important productive enterprise, then supplies are unlikely to return to Britain until it has a workforce with the practical skills to do the originating. So it would seem time for the politicians to stop vesting more costly hope in the failed academic experiment, and re-engineer the education system from top to bottom.

Failing that, all I can suggest is that fellow-Brits join me in a hymn – named not after a town, but for St Anne – which goes: "O God our help in ages past..."

**Michael Dixon**

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- age 27 – 40
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Mr. David Craig
IFM Asset Management Limited
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London EC2M 2PA

# Clues in the Birt case point to wider auditing issues

**Andrew Jack** says the row over the BBC chief's tax affairs raises policy questions that demand attention

AS BRITISH politicians and commentators have pondered the level of violence on television in the last few weeks, the British Broadcasting Corporation has been obliging by providing more blood-letting off-screen than on.

The furore surrounding the tax affairs of Mr John Birt, its director general, may in part have been fuelled by jealousy from rivals and other journalists. But it has highlighted some policy questions that demand attention. Tax is not paramount among them. The degree to which the information in accounts is scrutinised most certainly is.

Accountancy firms and the Inland Revenue alike have been inundated with probes from hacks on the story that will not die. Some of those fielding the inquiries have remarked that the questions smack as much of personal curiosity as they do of indignant inquisition. They ask "How could I, er, someone arrange their affairs in this way?" almost as frequently as "How did you slip up? What can be done about this scandal?"

Some journalists, at least, should already know. In common with others in the entertainment industry, some journalists have long used companies as a method of tax planning, and for perfectly legitimate reasons.

They may work part time for different organisations, or move between a succession of them on short-term contracts. They may have left old company structures in place even after they ceased to make much sense, because tax planning is not in their every waking thought.

Part of the confusion has arisen because of a failure to distinguish "self-employed" and "self-incorporated".

The latter arrangement – that adopted by Mr Birt – does not exempt those on the payroll from National Insurance contributions. It does exclude them from such things as sickness and other benefits provided by the employer. It also requires them to pay for substantial accounting and auditing fees. It has, in short, drawbacks as well as benefits.

There may be some concern about the level of discretion exercised by local tax inspectors in examining the filed returns; and equally calls for tightening by politicians of the rights of, and scope for, employees to be self-incorporated.

But as one accountant said in astonishment last week: "This is the most monstrous storm in a tea cup." Another lamented that after years persuading clients that self-incorporation was a poor method of tax planning, there was now a fresh run of interest in the approach.

However good a tax accountant Mr Michael Henshaw – Mr Birt's accountant – was, he clearly has his limitations as an auditor. He would have saved his client considerable embarrassment if he had taken advantage of the summary accounts regulations. This would have allowed him to file little more than the balance sheet on the public record.

That way, nobody would have discovered that Mr Birt's company spent £3,666 on "wardrobe" in the 1991 financial year, £340 on "theatre visits & research", and £2,366 on "entertainment" (which the attached tax computation shows as having been added back, revealing Mr Birt did not claim any tax relief against this final item).

Fuelled, it would appear, by suggestions that Mr Henshaw is not registered as an auditor, the Department of Trade and Industry admitted last week that it was "looking into" the accounts. It might do well to concentrate on the violations of company legislation which they reveal.

**Mr Birt's accountant would have saved his client considerable embarrassment if he had taken advantage of the summary accounts regulations. This allowed him to file little more than the balance sheet on the public record**

It is true that Mr Henshaw does not appear to be a member of any professional accountancy body. Nor is he or his firm, Henshaw & Associates of Camden Town, London, registered as an auditor with any of the regulatory bodies.

An unregistered practitioner who accepted appointment as an auditor after the new regulations came into force in October 1991 could face six months imprisonment and a £5,000 fine. If such a person put up a plaque outside his office claiming to be an auditor, he could be fined £5,000 for each day the sign was in place.

Mr Henshaw might well have had a lucky escape: the 1991 directors' report shows him willing to stand for re-election in 1992. He was apparently appointed before October 1991, and is now unlikely to be auditing the 1992 accounts.

But he has certainly breached a number of accounting and auditing regulations.

"The accounts are appallingly badly drawn up," said one accountant who has examined them closely. "It is a rank piece of bad accounting, especially on behalf of a client who is somebody in the public eye."

The auditor's report for John Birt Productions Limited for the year to August 31 1991 is unsigned and makes no reference to Mr Henshaw's qualifications as an accountant, so does not comply with auditing standards.

The wording refers to "the Companies Act 1948 to 1985", though all the laws before 1985 were repealed by the new act and are irrelevant. In the same vein, the directors' report says Henshaw will be proposed for re-election as auditor under the 1976 Companies Act. More importantly, the directors' report has not been approved or dated by the directors, as required by the 1989 Companies Act.

The one aspect of compliance with the 1989 Companies Act is the relaxation which allows a single director – rather than a minimum of two – to approve and sign the accounts.

But legislative requirements are quickly forgotten in the accounts themselves. The balance sheet is signed by the directors, but not dated as stipulated by SSAP 17, the accounting standard on post-balance sheet events introduced in 1980.

The auditor's fee is not separately disclosed as a line item in the profit and loss account or its notes, a requirement at least since the 1948 Companies Act. There is simply a £3,100 "audit and accountancy" figure.

If, as the Financial Times reported last week, the company employs Mr Birt's wife as a secretary, then the secretary's £15,000 salary should not be a separate line item as shown, but part of the £80,604 recorded for directors' emoluments. Finally, the figures for depreciation for the year do not tally with the rates shown.

Mr Henshaw may have lost Mr Birt's contract. But as a director, Mr Birt will have to foot the bill if the DTI decides that he should have a second audit conducted on the company.

One piece of good news to come out of this episode for Companies' House, the government's corporate information depository, will be the money it has made from requests for copies of the accounts. The bad news is that it failed to pick up these basic errors. The worse news is that it is under no obligation to identify most of them.

It is only required to make a series of elementary checks – one of which is that the auditor's report should be signed.

Mr David Durham, chief executive, says: "I regret that there must have been an oversight. Normally my examiners are very good."

The agency is not required to pick up any of the remaining issues. Should blood always need to be spilt before problems with filed accounts are unearthed?

# FINANCIAL ANALYST

## Central London

to £45,000 + Car + Excellent Benefits

KINGFISHER

Kingfisher plc is a leading UK retail group which operates store chains such as B&Q, Comet, Superdrug and Woolworths. The group also has a leading property company, Chartwell Land, and a wholesale distributor, Entertainment UK.

Kingfisher has achieved its success by developing a strong understanding of market demands and an ability to respond promptly to changing conditions in every aspect of its business. Commitment to maintain and enhance operational effectiveness has resulted in the need to appoint an outstanding individual.

As a Financial Analyst you will add to the quality and relevance of management information used in Kingfisher's decision making process and play an important support role to senior management and the Directorate.

Specifically you will:

- Review operations from a financial and commercial perspective.
- Appraise capital projects, ensuring adherence to group strategy.
- Review and analyse budgets and associated action plans.
- Support senior management on complex issues and projects.

You will be a graduate ACA/MBA, with intellectual and perceptive attributes, who is capable of working in a highly motivated team environment. You will be numerate, computer literate, task orientated and possess outstanding communication skills, both written and oral. This role is an excellent entry point into a successful and profitable group that is committed to developing senior managers of the highest calibre.

*Interested candidates should write to Michael Herst or Charles Austin enclosing a full Curriculum Vitae quoting MH431.*

HARRISON WILLIS
EXECUTIVE SEARCH & SELECTION
39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463
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# FINANCE DIRECTOR

**NEAR CAMBRIDGE** **c £60,000 PACKAGE**

Our client is a UK market leader in supplying products, components and services to the HVACR engineering market. Our client has focused on a philosophy of service and has grown significantly throughout the last decade to establish a national distribution network. The new five year challenge is to double sales and profits.

This key appointment will complete the management team, charged to achieve these goals. Reporting to the Managing Director, the new Finance Director will play a major strategic role in achieving the outcome and will have total responsibility for all aspects of financial management, the evolution of the DP interface and all Company Secretarial duties.

The candidate, ideally a graduate, with demonstrable experience in a dynamic commercial engineering business or industrial plc, will be over 36 and a FCA. Computer literacy and well-honed inter-personal skills are prerequisites and a sound knowledge of acquisitions, FX and I.T. Strategy would be advantageous. Decisiveness, enthusiasm, confidence, astuteness, imagination and a sense of humour are desirable qualities in this demanding position.

Interested applicants should write, quoting reference K33, and forward their fully comprehensive Curriculum Vitae, with current remuneration details, by 7 April, to Christopher King, the Consultant advising on this appointment at:

SCCS ASSOCIATES
82 Oatlands Avenue, Weybridge, Surrey KT13 9SS.
Management Consultants

# INTERNATIONAL TAXATION MANAGER

**LONDON** **circa £50,000 + CAR**

This international company has operations in over 70 countries worldwide. It has experienced considerable growth and is in a strong position to exploit its market position in the coming years. The increasing complexity of its activities has resulted in the need to recruit an International Taxation Manager.

Reporting to the Group Taxation Director, the position will encompass the following areas:

- Conduct transfer pricing reviews and monitor worldwide tax rates
- Review and oversee the arrangements, transactions and compliance of the holding companies in conjunction with local tax advisors
- Provide tax advice to specific areas of the group including the Treasury funding activities.

The successful candidate will be:-

- An experienced international tax specialist with a minimum of five years' experience gained within a firm of professional tax advisors or commercial organisation
- Aged between 28 and 35 with excellent communication skills and the confidence and ability to deal with management at senior levels
- Fluent in at least 2 European languages

For the successful appointee an excellent salary and executive benefits package will be provided together with relocation assistance where relevant.

Applications are invited from candidates throughout Europe and interviews will be conducted locally where necessary.

To discuss this exceptional opportunity further, contact Graham King in London on 071-379 3333 (evenings and weekends on 071-226 4557) or write to him enclosing a detailed CV at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP. Fax: 071-915 8714.

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS AMSTERDAM PARIS

FIRST SELECTION — FINANCIAL RECRUITMENT CONSULTANTS

# OPERATIONS ACCOUNTANT INVESTMENT BANK

City
to £30,000
+Bank Benefits

*Our client is one of the leading Investment Banks in the UK and also operates worldwide through numerous overseas offices.*

Due to a recent reorganisation, we are seeking a qualified accountant to fill a new position in the Finance Division, leading a small team which provides full accounting support on all finance matters to the IT and Settlement Divisions.

The successful candidate will have had extensive and detailed experience of accounting within a large and complex IT environment. He/she will also need to demonstrate the skills required to motivate and lead the team to meet its objectives. Some broader management accounts experience would also be a distinct advantage.

Candidates will probably be 27+, currently working for a large multinational, have strong communication and man management skills and the self-motivation required to make a success of this exciting high profile role.

For further information please contact:

*Jeremy Preston, FIRST SELECTION LTD*
*1 New Burlington Street, London W1X 1FD*
*Tel: 071-494-1215 Fax: 071-287-3857*

# FINANCIAL CONTROLLER

## City

c.£50,000 + Car + Excellent Benefits

With assets exceeding one billion dollars and an enviable track record in terms of growth, market share and profitability, this highly respected futures and options broker is one of the most progressive, innovative and creative names within the Global Financial Community.

As part of a highly professional and assertive senior management team, areas under your control will include monthly reporting, statutory, taxation and treasury issues, day to day accounting and the motivation and guidance of a committed finance department.

Specifically you will:

- Assess current financial systems and methodologies with a view to enhancing the effectiveness of management information.
- Maximise the performance of in-house treasury from a control and income perspective.
- Contribute to the process of systems development.
- Participate in the strategic development of the London operations.

Currently in a dynamic and developing financial services environment, you will be a qualified accountant, aged early 30's, who can demonstrate outstanding man management skills and the ability to relate to senior management across all facets of a similar business. Success in this role will lead to excellent career development opportunities.

*Interested candidates should write to Michael Herst enclosing a full Curriculum Vitae quoting MH432.*

HARRISON WILLIS
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# Manager - Revenues, Traffic Accounting & Financial Control

**London-based mobile communications organisation**

**Excellent salary + benefits**

This management position occurs within the Accounting and Treasury department of Inmarsat, the world's leading provider of mobile communications services via satellite to users at sea, on land, and in the air.

Reporting to the Financial Controller, your wide-ranging responsibilities include the overall management of revenues; the evaluation of traffic data; related policy issues; the continued development and introduction of automated systems; payroll preparation and payment; and the management of foreign currency payment systems.

These are areas of significant change and the ability to develop fully evaluated creative solutions is essential. Additionally, the ability to lead a small team to meet exact reporting deadlines is of paramount importance. A qualified accountant with a business degree, you must have 10 years' directly relevant financial experience in the field of revenue and traffic accounting, financial control, analysis and reporting, preferably gained in a fast-growing multicurrency commercial environment. A high degree of computer literacy and excellent communication skills are essential.

Salary will reflect the high level of competence, experience and qualifications required, and a first-class benefits package includes private health insurance, an excellent pension scheme, and five weeks' holiday.

To apply, please fax or mail full career details to Mike Stockford, **Ref: RTA/MS/FT, PA Consulting Group,** 123 Buckingham Palace Road, London SW1W 9SR. Facsimile: 071-333 5050.

Inmarsat SM

Morgan & Banks

# Finance Director - Europe

Strategic Focus

*South West London* *c.£45,000 + car + benefits*

The Company is a major UK based organisation which has a reputation for providing a quality and efficient service in a competitive service orientated sector. One of its strategic objectives is to establish an European Network either through acquisition or focussed capital investment.

As one of the key members in a small strategic team the role is to set up and build a profitable Continental European business. The emphasis is to provide strategic and financial analysis of the options available in order to fulfil the objectives. The individual will also have responsibility for establishing all financial and operating procedures required for the establishment of an European business.

The ideal candidate will be a qualified Accountant with a proven track record of operating in Continental Europe.

In addition to a good working knowledge of French or German, the individual must possess a high level of energy and commitment and show maturity and flexibility to working in a demanding environment.

The package will include a salary, dependent on experience, a company car and the other benefits associated with a major organisation.

For further information in the strictest confidence, please contact Raj Munde on 071-240 1040. If you prefer, send your resume to: Ref. 9/1382, Morgan & Banks PLC, Brettenham House, Lancaster Place, London WC2E 7EN.

Morgan & Banks
LONDON · WASHINGTON · SYDNEY · AUCKLAND

# FINANCE DIRECTOR

**HOME COUNTIES : c.£45k, BONUS + CAR + BENEFITS**

We are Europe's largest manufacturer of sophisticated building automation systems and controls with a UK turnover of £30 million.

Working closely with the Managing Director, you will play a key role in the direction of the business, implementing financial strategies vital to future success and growth. This will involve you not only in financial management issues, but also in strategic planning decisions, systems enhancement and team building.

A qualified accountant, your strong financial skills must be supported by a results orientated approach and excellent communication skills. You will be commercially-minded and experience within a market driven industry or contracting environment would be a distinct advantage.

Please write with full career details and current salary to M. Shields, Human Resources Director, at Landis & Gyr Building Control (UK) Ltd., 2 Dukes Meadow, Millboard Road, Bourne End, Buckinghamshire SL8 5XF.

LANDIS & GYR
Building Control (UK) Ltd.

SmithKline Beecham Pharmaceuticals

# FINANCE MANAGER – HIGH PROFILE ROLE IN NEW TEAM

**HERTS** — C£35,000 + CAR + BENEFITS

SmithKline Beecham is one of the world's leading healthcare companies with worldwide sales of over £5 billion. Divided into four business sectors, Pharmaceuticals, Animal Health, Consumer Brands and Clinical Laboratories, each ranks among the world's leaders in their respective industries.

The company is at the forefront in terms of its pharmaceutical Research and Development and an exceptional opening now exists for a high calibre individual to join the newly established R & D financial team.

Responsibilities are high profile and will encompass:

- providing a financial control and management accounting service
- management and co-ordination of the financial strategic planning process
- providing a financial analytical service for budget holders and finance managers both in the UK and US
- monitoring, analysis and reporting on capital expenditure

The successful candidate will be a graduate qualified accountant, or MBA, with 5 years post qualification commercial experience, preferably gained in a multi-national business environment. Strong financial and management accounting skills coupled with a sharp analytical mind are demanded.

Personal qualities will include a hands-on approach, a high level of motivation, and the ability to communicate at all levels and across all disciplines. You will also be a strong team player with a demonstrable record of achievement to date.

This is an outstanding opportunity for an ambitious and talented individual to join a highly successful organisation, offering a comprehensive benefits package and excellent career opportunities.

Interested applicants should contact **Simon Moser** on **071-379 3333 (Fax: 071-915 8714)** or write enclosing a comprehensive CV to him at **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS AMSTERDAM PARIS

# FINANCE & ADMINISTRATION MANAGER

A dynamic City based financial services company seeks a qualified accountant to assume responsibility for the accounting and financial functions, as well as the administrative, compliance and company secretarial functions. You will report to the Managing Director and supervise a team of 7 staff. Proven management skills must be combined with a wide variety of experience in the financial services industry. The successful candidate is likely to be aged 35+. This is an excellent opening for a resourceful, confident and determined individual.

This position presents opportunities for career development based on merit, backed up by an attractive remuneration package.

Interested candidates should send applications (CV, covering letter, indication of availability and current salary) to Box A4877, Financial Times, One Southwark Bridge, London SE1 9HL

# FINANCIAL DIRECTOR–SERICOL LTD

c£45,000+

Executive Car + Bonus + Relocation

Kent Coast

SERICOL is a world leader in the development and manufacture of screen printing inks and ancillary products and is a core business within the Chemicals Group of Burmah Castrol PLC. Sericol Limited, with a turnover of £45 million and 560 employees, is the largest operating company within the Sericol Group and is located in Broadstairs, Kent. It operates autonomously in purpose built manufacturing and distribution facilities, from which it services both the UK and world markets for its products.

Due to internal promotion, *Sericol Limited wish to appoint an experienced and highly commercial Financial Director.* The appointment reports to the UK Chief Executive and functionally to the Group Financial Director, Sericol International.

As a member of the Executive Board, you will provide a significant contribution to strategic decision making and will act as a catalyst in the realisation of Sericol Limited's future commercial objectives.

Sericol Limited is investing substantial resources in the development of its systems. Initial objectives will include the development and integration of a manufacturing and financial reporting system into the overall Executive Information System. This will have a direct impact on the company's decision making.

Additionally, the successful candidate will continue to provide a high quality and professional financial management service, observing strict reporting deadlines.

An experienced manager, you will be well versed in motivating a large Finance and IT department to achieve continuing and accelerating improvements in the services provided to the company.

Aged 35-45, the successful candidate will be a graduate qualified accountant with a proven record of achievement and success as Chief Financial Officer within a progressive manufacturing environment. In addition to strong commercial and systems skills, *other qualities will include a pro-active approach to financial management* and the ability to initiate new commercial ideas and operate effectively at Board level.

For further information on this outstanding career opportunity with one of the UK's most respected and successful quoted companies, please contact our advisors MARK STEWART and NEIL WAX on 071-387 5400 or write to them at Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN. (Fax: 071-388 0857).

BURMAH CASTROL

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appears every Wednesday & Thursday & Friday (International edition only)

For further information please call:

Andrew Skarzynski on 071-873 3607

Mark Hall-Smith on 071-873 3460

Tricia Strong on 071-873 3199

JoAnn Gredell New York 212 752 4500

# ACCOUNTING MANAGER (NIGERIA)

*ASA International*

Our client, a leading international oilfield service company seeks to recruit an Accountant for their Nigerian base.

**The Role**

- Responsibility for integrity of management reporting, financial analysis, forecasting, planning.
- Co-ordination of taxation and treasury matters.
- Review/implementation of financial and internal controls.
- Overall responsibility for MIS function.

**Qualifications**

- Recognised accounting qualification.
- Minimum 5 years post qualification experience. Overseas experience would be considered an advantage.
- Personal qualities will include a hands-on approach and the ability to cope well with detail while keeping long term goals in perspective.

**Remuneration**

- Will be commensurate with qualifications and experience.

Candidates should write explaining how they meet these requirements and enclosing a CV to:—
**Iain Moir, ASA International, 498 Union Street, Aberdeen AB1 1TS. Tel: 0224 648062.**

*ASA International*

# Consolidation Manager

**South-East France** — **330,000 FF +**

Our client is a $400 million turnover Group, operating internationally in the oil sector. Recent growth, mergers and acquisitions have enhanced the Group's position as market leader.

Reporting to the Group Controller, the position of Consolidation Manager will carry responsibility for:

* Preparation and analysis of Group consolidated quarterly and annual accounts.
* External communication of financial information to shareholders and the press.
* Participating in the improvement of inter-company information systems.

The successful candidate will be a graduate Chartered Accountant, with a minimum of five years experience of US GAAP reporting for a substantial multi-national corporate.

Interested applicants should write to **Eric Gandibleu at Michael Page International, 3 boulevard Bineau, 92300 Levallois-Perret, Paris, France.**

MP

**Michael Page International**

Specialists in Financial Recruitment
London Amsterdam Brussels Dusseldorf Paris Sydney

# Outstanding Young Finance Director

**Surrey** — **c £40,000 Package + Car**

Our client is a quality driven, highly profitable, services subsidiary of a major multinational group. Current turnover of £35m is targeted to increase substantially through organic and acquisitive growth.

This is an excellent opportunity for an ambitious young finance manager to become an integral part of a dynamic management team and to provide strong commercial direction to a challenging, rapidly expanding business. Responsibilities will cover all operational aspects of financial control and reporting, with a brief to improve the efficiency of the systems infrastructure. The key requirement, however, will be to assist the Managing Director in the formulation and execution of profitable strategies for the business.

Candidates, ideally aged 28-32, should be qualified accountants with a strong technical and commercial grounding, who are seeking their first Board appointment in a demanding business environment. Strong team orientation, high energy levels and well developed communication skills, coupled with strong profit motivation and commitment to excellence, are essential personal qualities.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 2669, to **Alan Dickinson FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Tel: 071 831 2000.**

MP

**Michael Page Finance**

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

# European Finance & Treasury Manager

**Thames Valley** — **c £65,000 + Car**

Our client, part of a market leading major US multinational, is renowned in its field of electronic communications. Revenues in excess of $600m are generated from manufacturing and sales subsidiaries throughout Europe, Africa and the Middle East. Substantial growth is envisaged, through continued product innovation and further geographical expansion.

This newly created position will be responsible to the Finance Director for all aspects of control and reporting in a commercially complex, technically challenging business. The initial brief will be to devise and implement a framework for devolved treasury strategies, covering the management of currency exposures and the development of customer financing packages.

Candidates, aged 30-40, should be qualified accountants with an in-depth understanding of treasury management techniques, gained in an international operating business environment. Technical excellence, commercial flair and finely honed leadership skills will be essential to provide direction through the finance function and further develop effective working partnerships with business management. This is seen as a high profile career development opportunity for an outstanding, internationally mobile executive.

Full relocation facilities are available where appropriate.

Interested applicants should forward a comprehensive curriculum vitae, quoting Ref: 2668, to **Alan Dickinson FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Tel: 071 831 2000.**

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**FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER**

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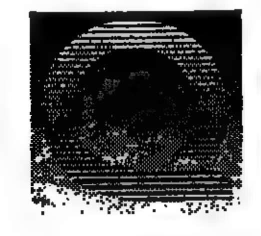
**Clare Peasnell 071 873 4027**



# Neuchatel, Switzerland

*At Quantum, 'high performance' goes way beyond our state-of-the-art disk drives. It encompasses our processes, our practices and, above all, our people. The result? A dynamic organisation with a turnover in excess of one billion dollars and a ranking among America's 100 fastest growing companies.*

*Nowhere is that growth more evident than in the competitive European market. Indeed, the momentum of our success has now created the need for a number of financial management professionals to join us at our European headquarters in Neuchatel, Switzerland.*

*If you can hit the ground running and match the exceptional pace of our business operations, we can promise you one of the most stimulating and financially rewarding career environments anywhere in Europe.*

Quantum

**Cost Accounting Manager**

You will be responsible for inventory accounting, revenue analysis and cost of sales reporting for a fast developing product range. The range and complexity of these tasks calls for 10 years' solid experience in cost accounting, management accounting and corporate reporting practices. You will adopt modern management techniques in both team leadership and the provision of key management information.

**Accounting Manager**

You will apply your extensive knowledge of corporate financial accounting to the key areas of General Ledger accounting, fixed asset control and payroll providing advanced reconciliation, analysis, and team leadership skills.

**Project Accountants**

We are looking for accountants with between two and eight years' experience to strengthen our Finance and Administration team. You will perform a diverse range of accounting tasks, from general analysis and operational review to the development and installation of accounting systems and cost accounting methods, procedures and controls. At the more senior levels, you can expect to balance complex accounts, review current operations and make recommendations for improvements, and provide specialist support in various accounting functions.

**Financial Analysts**

You will develop, interpret and implement strategies in financial planning, accounting and control, using your expertise to gauge and influence both present and future financial performance.

For all positions you will require a professional accounting qualification or relevant business degree.

Quantum offers challenging career opportunities for dynamic and hardworking professionals who are strongly team-orientated and attentive to detail. Fluent English and computer literacy are essential.

To discover more about your future at Quantum and the exceptional rewards and benefits you'll receive please send your C.V. and covering letter quoting ref 6216 to: Richard Hewetson, Moxon Dolphin Kerby, 178-202 Great Portland Street, London W1N 6JJ. Facsimile 071 636 5592.

MOXON·DOLPHIN·KERBY

هكذا من الأصل

# FINANCIAL ACCOUNTANT

LTCB International Limited is a wholly-owned securities and investment banking subsidiary of The Long-Term Credit Bank of Japan, Limited, one of the largest banks in the world.

An opportunity has arisen for someone to join us as Manager of our Accounts Department. Applicants should be qualified Chartered Accountants with a minimum of 2/3 years' post-qualification experience gained in the accountancy function of an investment bank. Similar relevant experience with a major accountancy firm could be considered.

Full responsibility for the management of the Accounts Department including Bank of England regulatory reporting. Knowledge of international securities and derivative products. Ability to build strong credible relations with front office and maintain tight controls essential. Excellent communication and organisational skills, a proven track record of professional achievement and a strong yet diplomatic personality.

Good career prospects and an attractive salary package with banking benefits.

Please send C.V. indicating current salary and daytime telephone number, to: Vivien Karam, Personnel Manager, LTCB International Limited, 55 Bishopsgate, London EC2N 3AX.

LTCB

**LTCB International Limited**

# FINANCIAL CONTROLLER – DIRECTOR DESIGNATE

**C. London** **To £32,000 + car allowance**

This outstanding vacancy is with a prominent advertising services group which has an enviable record of profitable growth, a blue chip client base and ambitious plans for the future. The organisation wishes to strengthen its management team by appointing a pro-active financial manager with strong technical and commercial ability.

The successful candidate's responsibilities will embrace all the normal aspects of statutory and management reporting together with related company administration. Particular emphasis is to be placed on working capital management, systems enhancement, customer and supplier negotiation, budgets, forecasts and financial analysis.

Applications are invited from graduate qualified accountants aged 25 to 30 who can demonstrate post qualification commercial experience, computer literacy, commitment to a "hands on" and hard working environment, exceptional interpersonal skills and the dynamism essential to be an effective member of a forward thinking team.

For further information please contact Malcolm J. Hudson on 071-831-2323 or alternatively, forward your CV in confidence to Hudson Shribman at Vernon House, Sicilian Avenue, London WC1A 2QH (Fax 071-404-5773).

**HUDSON SHRIBMAN**
financial recruitment

# CHRIST'S HOSPITAL FOUNDATION FINANCE DIRECTOR

West Sussex c. £30,000 neg.

Situated on its own estate in beautiful countryside, this unique educational charity, which for 440 years has provided boarding education for children in need, is entering a period of challenge and development and seeks to appoint a qualified accountant to the new position of Foundation Finance Director as part of a restructured management team.

The role of the FFD will be to provide strategic financial direction and motivation in the challenging years ahead. The successful candidate will play a key role in the decision making process. He or she will report to the Chief Executive (the Clerk) and in addition to strategy will be responsible for developing management information systems, assessing financial viability of new projects, raising finance and generating income. A strong sense of business acumen and awareness of commercial opportunities are sought, together with strong, mature personal qualities and a natural ability to communicate.

Enthusiasm and a sense of humour are essential; experience of commerce or industry and property management would be helpful. Applicants are most likely to be in the age band 35-50.

For further details, and an application form, apply to:

*The Clerk, The Counting House, Christ's Hospital, Horsham, West Sussex RH13 7YP*

*no later than 31 March*

*Registered Charity 306975*

## APPOINTMENTS WANTED

# BUSINESS MANAGEMENT EXECUTIVE

Qualified accountant, with extensive general and financial management experience in manufacturing and consumer goods seeks permanent or assignment based opportunity.
Internationally experienced and computer literate person who revels in a challenge.

For further details write to:

*Box A4879, Financial Times, One Southwark Bridge, London SE1 9HL.*

## FT/LES ECHOS

**European audio-visual Observatory**

# Help build the European audio-visual area !

*The European audio-visual Observatory, which is now being set up in Strasbourg, is destined to become one of the leading actors in the European audio-visual area. Emanating from EUREKA Audio-Visual, and operating alongside the Council of Europe, and through a network of European professional partners and organisations, the Observatory will act, during the initial 3 - year period, as an information and reference centre for professionals regarding all legal, economic and practical data relating to television, cinema and video throughout Europe.*

*To take up this challenge, the Observatory will rely on a small team of qualified specialists, ready to commit themselves in a completely new international venture. Responsible for the financial management of the Observatory, you will prepare the annual budget and the programme of activity. You will also be in charge of the management of the Observatory's network of partner institutions, the maintenance of close contacts with professional organizations of the audio-visual sector and servicing the Observatory's constituent bodies. Your federative role within the Observatory also includes the management of its human resources. With a full university degree, you will also have acquired an extensive professional experience at a high level in the audio-visual field, which has enabled you to acquire thorough knowledge of its specific problems and needs. Thanks to your skills in contacts and communication and to your experience, you know how to manage a department, to direct a team and you have a good knowledge of financial management. Ref AIV 30/93/CLD.*

# Executive manager M/F

**We also offer the following positions :**

**Legal officer.** Ref. AIV 1/93/CLD
**Audio-visual market information officer.** Ref. AIV 2/93/CLD
**Practical information officer.** Ref. AIV 3/93/CLD.
**Technical officer for the network and services.** Ref. AIV 4/93/CLD.

*For each of these positions, you will have very good knowledge of one of the three working languages of the Observatory (English-French-German) and a good knowledge of one of the two others.*
*Practice of the third working language and of other European languages would be an advantage. Your strong points will be initiative, a sense of responsability, order and method and ability to work in a team.*
*We offer interesting working conditions.*
*Please send your CV before April 16th, 1993, quoting the selected reference, to Conseil de l'Europe, Bureau des Concours (Pers.), 67075 Strasbourg Cedex, France. Fax 010 33 88 41 27 81.*
*(Unfortunately, it is not possible to give information by telephone to applicants).*

# SYSTEMS AUDITOR

London to £30,000 + Benefits

A prominent US banking institution is currently seeking an individual to take sole responsibility for computer audit issues in all areas. Reporting to the Head of Audit, the role will encompass risk-based systems audits and development reviews, examining the systems and control implications of new and existing products, with an emphasis on treasury instruments. Although the candidate will work independently for much of the time, he/she will contribute to larger financial audits in data extraction, analysis and CAAT's.

Candidates must have experience of auditing in a computer systems environment (especially PC Networks/UNIX) and have a sound understanding of treasury products, gained either directly or through public practice audit. This is a challenging role where enthusiasm, interpersonal and communication skills are paramount.

Interested candidates should send CVs to Joe Thomas at Douglas Llambias Associates Limited, 410 Strand, London WC2R 0NS (Fax 071 379 4820) or Telephone 071 836 9501.

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**FINANCIAL TIMES**
EUROPE'S BUSINESS NEWSPAPER

# SPREADSHEETS: The Next Generation

In Manchester on Tuesday 23rd March 1993 at The Ramada Renaissance Hotel, Blackfriars Street, Manchester 8.00am - 9.30am

In Southampton on Thursday 25th March 1993 at The Novotel, 1 West Quay Road, Southampton 8.15am - 9.30am

In London on Tuesday 6th April 1993 at The London Marriott Hotel, Grosvenor Square W1 8.15am - 9.30am

In Surrey on Wednesday 7th April 1993 at the Runnymede Hotel, Windsor Road, Egham, Surrey 8.15am - 9.30am

Spreadsheets have come a long way in the last 10 years. The most significant development is the type of problem users are trying to solve with spreadsheets. Initially restricted to ad-hoc projects, the use of spreadsheets has now developed into more periodic work such as monthly or weekly reports, planning, re-forecasts and market share analysis.

Spreadsheet expert Neil Hudspeth, European Brand Manager at Lotus Development Europe, looks at ten years of spreadsheet milestones and discusses why the change in the use of the spreadsheet has dictated the need to re-invent it.

Lotus retains its place in the forefront of spreadsheet development. The Lotus 123 has been the world's best selling software package for over a decade. Hudspeth reviews state-of-the-art Lotus Improv - the reinvented spreadsheet - and highlights how it benefits today's Finance Manager.

Neil Hudspeth will cover the following:

- Spreadsheet advances over 10 years:
  - Multipage spreadsheets
  - Data access
  - WYSIWYG
  - Windows
- The need for a radically different spreadsheet explained:
  - Problems of viewing same data in different ways
  - Amending spreadsheets
  - Errors in spreadsheets
- An introduction to Lotus Improv
  - How it differs from traditional spreadsheets - dynamic views, multidimensional structure, item groups
  - How it benefits the Finance Manager - easy presentation, fewer errors, more value
  - Who should use it?
  - Does it replace Lotus 123?

Neil Hudspeth has over 10 years' experience in bringing the benefits of information technology to business managers and professionals. He has held a number of positions at Lotus including U.K. Product Manger for graphical spreadsheets and for cross platform spreadsheets.

Before joining Lotus, he held the position of Marketing Manager at Digital Equipment U.K. where he established a focus on solutions for the accounting function. Previous positions include marketing and professional services roles at Comshare Ltd where he installed a number of budgeting, planning and reporting systems for blue chip organisations.

Places at the Breakfast are strictly limited.

# Ministers reject French demands on fish imports

By David Gardner in Brussels

EUROPEAN COMMUNITY fisheries ministers yesterday rejected French demands for a 30 per cent rise in minimum import prices on white fish and total ban on Russian cod imports, opting instead for stricter enforcement of the floor prices and controls put in place last month.

France, which got backing only from Ireland for its demands for stronger checks on the flood of imports depressing fish prices, said immediately it would re-present essentially the same demands to the European Commission next week under the guise of "emergency safeguard measures".

But Mr Ioannis Paleokrassas, EC fisheries commissioner, is understood to regard yesterday's ministerial decision as adequate for the time being. France's raising of "safeguard" action was "greeted in total silence" inside the Council of Ministers, EC officials said.

Breton fishermen's leaders said they would "continue the struggle" that has led to often violent protests across France, while Scottish fishermen's leaders dismissed yesterday's meeting as "a non-event" with "absolutely no conclusions which will help us at all". Some 300 French, and a few dozen Scottish fishermen, demonstrated to reinforce their demands, their numbers diminished by the arrest of three bus-loads of fishermen 30 miles south of Brussels for allegedly carrying sticks and flares. Brussels' Charlemagne building, where ministers meet, was completely cut off by a cordon of razor wire, manned by one of the heaviest deployments of riot police of the past two years.

The ministers concluded that the minimum import prices, controls on direct landings of fish from non-EC vessels, and hygiene standards – which could filter out part of the large quantity of Russian fish coming into the community disguised as EC fish and via Nordic countries with preferential tariff deals – were not being properly applied, and had not been given time to work.

Although they left open the possibility of extending the floor price regime to other species – at present it applies primarily to cod, haddock, whiting and monkfish – they ruled out more radical measures.

"I think today we have gone as far as we could go," said Mr David Curry, UK fisheries minister. "We've already agreed minimum import prices, and what's happening is that they're not being enforced." Mr Curry, had said on the eve of the meeting that Denmark, Germany, and possibly the UK were still failing to filter out cheap Russian fish.

Under these circumstances, he said, "there is no point in multiplying the rules". Increasing the floor price, moreover, would "give a greater incentive for the fraud", he added.

An aide to Mr Charles Josselin, the French fisheries minister, said judgments differed about the depth of the crisis, which has led to a collapse in fish prices of 30 per cent and more. "If the community does not adopt these measures, the market will not be corrected," he said.

# Mexican oil reserves rise

By Damian Fraser in Mexico City

PETROLEOS MEXICANOS (Pemex), the Mexican state oil company, celebrated its 55th anniversary yesterday by announcing a small increase in oil and gas reserves to 65.05bn barrels in oil equivalent terms, reversing a ten-year decline.

Mr Francisco Rojas, Pemex's director-general, announced that new discoveries had lifted oil reserves by 1.35bn barrels, which, after excluding last year's extraction, brought a net increase of 50m barrels.

Pemex's production and exports of crude stayed almost exactly at 1991 level – total oil and gas production was 3.1m barrels a day, oil equivalent, with crude oil exports averaging 1.367m b/d.

Both President Carlos Salinas and Mr Rojas strongly defended Mexico's constitutional block on foreign oil companies receiving oil in return for drilling work. "Those obtaining service contracts without exception receive a payment, or an incentive for productivity, in money. No resources, no products will be transferred," said Mr Rojas.

The director-general offered little evidence of progress in the oil company's attempt to divide itself into four separate business units – production and exploration, refining, gas and basic petrochemicals and secondary petrochemicals.

# UK acts to halt gold VAT fraud

By Kenneth Gooding, Mining Correspondent

UK AUTHORITIES are taking action to stop the so-called "missing trader" fraud which involves gold bullion and coins and is costing about £50m a year in lost tax.

Traders have been importing or smuggling gold from countries where the tax is low and then selling it in the UK inclusive of 17.5 per cent value added tax. They then disappear with the VAT instead of paying it to the Customs and Excise. Moreover, traders who buy the gold remain entitled to reclaim the VAT they have paid.

Scope for this fraud has increased with the introduction of the European single market. Luxembourg has no tax on gold bullion and coins, while the Belgium's rate is only 1 per cent.

In the UK arrangements come into force next month whereby the seller of gold bullion or coins will issue the usual VAT invoice but the buyer will pay the tax directly to Customs and Excise.

The most notorious recent gold VAT fraud case lasted ten months and ended in October with the conviction of three people who had conspired to cheat the taxman of £5m.

The prosecution showed how a gang of highly organised smugglers took £35m of gold bullion from Luxembourg to the UK using specially-adapted cars – when one of the defendants was stopped her vehicle was found to have 50 kg of gold in the bumper supports and behind the horn.

The smugglers linked with jewellers in London who reclaimed the VAT on the gold and they split the proceeds.

This is not the first time the UK authorities have had to deal with gold VAT fraud on a massive scale. In 1979, when UK exchange controls were ended, VAT was charged on bullion bars but not on gold coins. Fraudsters made a killing by melting down coins, turning them into crude bars and claiming the VAT when the bars were sold.

To prevent this fraud, in 1982 VAT was imposed on gold coins, a move which virtually killed off UK interest in this form of investment.

Customs and Excise points out that the changes to take place next month apply only to sales of gold between VAT registered traders. Tax on non-business supplies of gold will continue to be charged and collected in the normal way by the seller. There is no change to the arrangements for supplies on the London Bullion Market, which are zero-rated.

# Colombian coffee thrives in free market

## Growers are losing enthusiasm for a return to export quotas, writes Sarita Kendal

ALTHOUGH COLOMBIA remains strongly committed to uniting coffee producers and negotiating a new price-stabilisation pact, the country has done unexpectedly well in the free market.

Last year it gathered a record harvest and achieved unprecedented exports, earning more from worldwide green coffee sales than any other producer. This very success – achieved at the expense of the National Coffee Fund's resources – has stimulated a growing anti-pact lobby that is arguing for fundamental changes in national policy.

The adjustment to the free market may have been less traumatic for Colombian coffee growers, but the real price paid to farmers is the lowest in 10 years and the external price is the lowest in the history of the republic. The savings that made it possible to keep the domestic price from slipping further have been exhausted – the minister of finance warned recently that there could be no discussion of any increase until after the International Coffee Organisation meeting in London next week.

"Since the pact broke up world prices have been three times as unstable," says Mr Diego Pizano, international adviser to the Federation of Coffee Growers. "During the pact, prices went up and down by 12 per cent, but in the free market they have fluctuated by 35 to 36 per cent. This also affects the industry and the consumers. Some of the big companies would prefer to pay a decent price for coffee now, rather than see quality fall, which would affect consumption."

*The International Cocoa Organisation's full council meets in London this afternoon in an attempt to find a way forward towards a new economic agreement, writes David Blackwell. Yesterday members were talking individually to Mr Peter Lai, president of the negotiations, to try to narrow the gap between producers and consumers. United Nations-sponsored talks on the pact ended in failure a fortnight ago.*

*The present agreement ends on September 30, and cannot be extended. Today's meeting will decide whether it is worth returning to Geneva for another round of negotiations.*

There are still many points of dissension between producing and consuming countries with little negotiating time left. Producers have found it particularly difficult to assess the US position and feel they are making all the concessions – hence the reference in a document agreed at producer meeting in Mexico City this month to "the lack of flexibility" of consumers. The March 31 deadline set by the ICO council could be extended by a few days if next week's talks are going well, but Brazil and some of the central American countries are clearly growing impatient with the process.

Although producers have accepted that there should be a universal quota (covering all exports, not just those to ICO consumer members) and "selectivity" as to the proportions of different coffee types within the quota system, they want provision for a review after the first coffee year under the new pact to allow fine tuning. They also support four groups of coffee – with Colombian milds, which commands a 7 to 8 per cent premium, separated from "other milds" – while the US argues for three groups. Other problems include the definition of the voting majority for council decisions and, above all, the duration of the agreement.

"In the short term, the pact won't change the situation. It will start to operate positively for stability in the longer term – is it worth signing a pact for three years as the US wants? There's no point. it would be a big mistake," says Mr Gabriel Rosas, director of the Association of Private Coffee Exporters. The producing countries are aiming for an agreement lasting five to six years.

If the pact is to be structured so that it reflects market conditions, reasons Mr Rosas, there is not an enormous difference from Colombia's point of view – policies must anyway be market-oriented and the agreement should be a means, not an objective in itself. Others criticise Colombia's pursuit of the pact more energetically, arguing that it is better to sell as much coffee as possible than to accumulate stock and benefit from slightly higher prices.

Colombia exported 16.5m bags in 1992 with earnings of US$1.3bn. This year's exports are expected to be nearer average at 13.5m bags, and Colombia's quota in a new coffee pact would be about 18 per cent – several points higher than it was in the last pact.

This year's production will be affected by the spread of the coffee berry borer, known as broca. The release of bees to attack the tiny beetle and a fungus to suffocate it form part of the massive anti-broca campaign. This extra drain on funds comes at a time when growers are striving to reduce spending on inputs and disease control.

Meanwhile the coffee federation's efforts to take up to a tenth of the area planted with coffee out of production are making slow headway. "We can probably reduce by 30,000 hectares but the plan for 100,000 hectares looks difficult," says Mr Pizano. "The alternatives for growers are not attractive - for example, the price paid for passion fruit has dropped. Coffee gives a guaranteed income and a small farmer can't risk losing that."

Coffee now contributes about a fifth of Colombia's foreign earnings, compared with 50 to 60 per cent during the 1970s. "In macro-economic terms coffee is less important – but it is still very important from the social and employment points of view. And the coffee sector weighs heavily in terms of domestic demand," said Mr Rosas. "Colombia needs a solid long term policy. Producers cannot go on thinking of the pact as the answer to their problems."

# Kalgoorlie Super Pit's future hangs on pipeline plan

By Kenneth Gooding

THE FUTURE of Australia's biggest gold mine, the Super Pit at Kalgoorlie, depends heavily on a proposed 2,000-km gas pipeline to bring cheap energy from the north of Western Australia.

Mr Ian Burston, chief executive of Kalgoorlie Consolidated Gold Mines, which operates Super Pit, says his company (a 50:50 joint venture between Homestake Australia and Poseidon Gold) would consider becoming part of a consortium to build and operate the pipeline in order to gain the advantages of cheaper electricity.

The pipeline scheme is being heavily promoted by the recently-elected Western Australian government, which wants it operating in about two years. The government has made it clear that it will put no money into the scheme but it will hasten the necessary permitting procedures.

At present the Super Pit is supplied with electricity from Perth, 600 km to the west, and about half the power drains away because of the distance.

Mr Burston says the present cost of power prohibits the use of conveyors and other equipment that would enable a substantial increase in Super Pit production. "If we could buy electricity from the gas pipeline we could consider other methods of moving ore out of the pit."

Last year Super Pit produced 640,000 troy ounces of gold and this year output is forecast to rise to 660,000 ounces. This will involve moving 56m tonnes of material. Mr Burston suggests that the present mining methods – using huge mechanical shovels capable of scooping up 20 cubic metres at a time and trucks that can carry 200 tonnes in one load – allow a maximum of about 60m tonnes a year to be moved.

To boost production beyond that level, in-pit crushers and conveyor systems would be needed. Mr Burston says conveyor systems capable of carrying huge loads up very steep angles – necessary because the Super Pit walls slope at 45 degrees – are already available.

Super Pit was the brainchild of Mr Alan Bond, the now-tarnished Perth entrepreneur who had the idea of amalgamating the small open-pit mines developed in the area by many different owners. The area also is riddled with 3,000 metres of underground workings and the Super Pit operators have to take great care, detecting the voids with radar equipment.

Super Pit already produces more gold and processes more ore than any other mine in Australia. It will ultimately absorb all of the previous open pits and many of the shallow underground workings on the Eastern Lode System of Kalgoorlie's Golden Mile.

When fully developed, the pit is expected to be as much as 4.2 km long, 1.5 km wide and about 500 metres deep, a man-made hole that will be clearly visible on the moon – but only if KCGM can find a way to open up the present mining bottleneck.

# US bank files claim for $200m on CIS grain loans

By Laurie Morse

A US co-operative bank that represents farmers, utilities, and other business in rural America has filed claims to recover $200m in failed loans for exports to the former Soviet Union.

Russia has made only one payment on its US grain loans since late November and was $526m in arrears this week. While Chicago wheat prices have rallied sharply since Monday on hopes that the US and Russia might reach a bi-lateral debt accord to reschedule the grain loans, the huge claim by CoBank shows that bank, at least, has lost faith that the debt problem will quickly be resolved.

CoBank, a Denver, Colorado-based financial co-operative with $12bn in assets and 3,000 rural shareholders, is the Commonwealth of Independent States' largest creditor in the GSM-102 programme for government-guaranteed grain loans. CoBank holds $1.7bn guaranteed loans to the CIS, or about 40 per cent of the $4.2bn in grain loans written in the three-year programme.

Mr Jack Cassidy, CoBank's senior vice president for corporate relations, said the bank delayed filing its claims on the CIS loans for as long as possible. "Our view was the Russians have the willingness, desire, and capacity to repay over the longer term." He added, however: "It has become obvious that the US government is unwilling to reschedule the debt unilaterally".

Despite high-level talks between US and Russian officials on the grain debt two weeks ago, and several hints by Mr Mike Espy, US Agriculture Secretary, that a Russian grain programme was being planned, there has been no movement on debt rescheduling. The US Department of Agriculture seems to prefer outright grain donations, which farm interests believe are no substitute for re-opening the Russian export market.

"Our primary interest in this is moving grain for our shareholders," said Mr Cassidy. "We would like to see that market re-open." Russia, he said, was up to date on its loan payments to CoBank. However, the US loan programme also holds Russia responsible for all the debts of the FSU.

# WORLD COMMODITIES PRICES

## MARKET REPORT

**COPPER** fell back from its highs during late LME trading as selling bore down on the market. Resistance emerged around $2,210 a tonne for three-month metal, which represents the ceiling of the current $40 trading range, and the market eased back to end at $2,198, still up $20. The market's strength reflected widespread buying interest, linked to supply-side concerns. Zaire's political situation is deteriorating, there are labour problems at Chile's Chuquicamata and recent falls in Comex stocks suggest output losses in Arizona early this year might be larger than initially thought. **GOLD** edged back above $330 a troy ounce on the London bullion market, but appears stuck in its current range between $326 and $333. "There has been some short-covering, but it was capped by producer selling," one dealer said. In New York raw **SUGAR** prices were on the rise by midday on renewed technical buying and continued sentiment that world supply is tightening.

**Compiled from Reuters**

## London Markets

**SPOT MARKETS**

| Crude oil (per barrel FOB)(May) | | + or - |
|---|---|---|
| Dubai | $15.36-5.44u | +0.45 |
| Brent Blend (dated) | $18.58-8.62u | +0.25 |
| Brent Blend (May) | $18.80-8.84 | +0.05 |
| W.T.I (1 pm est) | $20.38-0.41u | +.025 |
| **Oil products** (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $199-201 | |
| Gas Oil | $178-180 | +1.5 |
| Heavy Fuel Oil | $76-77 | +0.5 |
| Naphtha | $172-175 | +1.0 |
| *Petroleum Argus Estimates* | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $330.25 | +1.2 |
| Silver (per troy oz)♣ | 364.30c | -1 |
| Platinum (per troy oz) | $349.75 | +0.5 |
| Palladium (per troy oz) | $105.50 | +0.95 |
| Copper (US Producer) | 100.5c | |
| Lead (US Producer) | 33.5c | |
| Tin (Kuala Lumpur market) | 14.36r | +0.14 |
| Tin (New York) | 258.5c | |
| Zinc (US Prime Western) | 62.0c | |
| Cattle (live weight)† | 132.52p | -7.33* |
| Sheep (live weight)†♣ | 119.88p | +4.18* |
| Pigs (live weight)† | 89.75p | -2.25* |
| London daily sugar (raw) | $272.5 | +2.6 |
| London daily sugar (white) | $286.7 | -0.3 |
| Tate and Lyle export price | £300.5 | +2.5 |
| Barley (English feed) | Unq | |
| Maize (US No. 3 yellow) | £171.0 | |
| Wheat (US Dark Northern) | Unq | |
| Rubber (Apr)♥ | 63.75p | |
| Rubber (May)♥ | 64.25p | |
| Rubber (KL RSS No 1 Feb) | 220.0m | +1 |
| Coconut oil (Philippines)§ | $427.5y | -2.5 |
| Palm Oil (Malaysian)§ | $410.0x | |
| Copra (Philippines)§ | $282.0 | -0.5 |
| Soyabeans (US) | £181.0 | +1 |
| Cotton "A" index | 60.80c | -1.15 |
| Wooltops (64s Super) | 387p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Apr/May u-May. x-Apr. ♥London physical §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago, provisional prices

**SUGAR – London FOX** ($ per tonne)

| Raw | Close | Previous | High/Low |
|---|---|---|---|
| May | 244.20 | 244.20 | 248.20 |
| Aug | 249.00 | 249.00 | 248.20 |
| Oct | 223.00 | 223.00 | 222.00 |
| **White** | **Close** | **Previous** | **High/Low** |
| May | 295.00 | 289.30 | 294.00 289.00 |
| Aug | 299.00 | 291.00 | 298.00 289.50 |
| Oct | 276.00 | 272.00 | 276.10 270.00 |
| Dec | 275.00 | | 270.80 |
| Mar | 272.50 | | 272.50 269.80 |
| May | 275.50 | | 275.50 |

Turnover: Raw 16 (27) lots of 50 tonnes. White 2478 (942) Paris- White (FFr per tonne): May 1671.41 Aug 1717.31

**CRUDE OIL – IPE** $/barrel

| | Latest | Previous | High/Low |
|---|---|---|---|
| May | 18.65 | 18.71 | 18.88 18.73 |
| Jun | 18.82 | 18.80 | 18.92 18.80 |
| Jul | 18.89 | 18.74 | 18.89 18.78 |
| Aug | 18.82 | 18.77 | 18.83 18.81 |
| Sep | 18.86 | 18.80 | 18.86 |
| Nov | 18.91 | 18.80 | 18.91 |
| IPE Index | 18.69 | 18.62 | |

Turnover 18633 (32665)

**GAS OIL – IPE** $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 175.25 | 174.00 | 175.75 173.60 |
| May | 173.25 | 172.25 | 173.50 172.00 |
| Jun | 172.25 | 171.50 | 172.50 171.75 |
| Jul | 173.25 | 172.75 | 173.25 172.75 |
| Aug | 175.25 | 174.25 | 175.00 174.50 |
| Sep | 177.25 | 176.00 | 176.75 |
| Oct | 179.75 | 178.75 | 179.25 179.00 |
| Nov | 181.50 | 180.25 | 181.50 181.00 |
| Dec | 183.00 | 182.00 | 183.00 |
| Jan | 182.75 | 181.75 | 182.75 182.50 |

Turnover 13864 (11568) lots of 100 tonnes

**FRUIT & VEGETABLES**

This weeks best fruit buys are Spania strawberries at 90-99p per 8oz punnet, reports the FFVIB. seeded grapes at 99-£1.20 a lb and seedless varieties at £1.40-1.60 a lb remain top quality along with Kiwifruit at 8-12p each and bananas at 40-55p a lb. William Bon Chretien pears at 50-55p a lb, oranges at 10-20p each and white fleshed grapefruit at 15-25p each round of this weeks best fruit buys. Breakfast mushrooms at 50-60p a ½ lb and buttons at 40-60p a ½ lb. English onions at 16-20p a lb, potatoes at 1-14p a lb, and carrots at 16-20p a lb.

**COCOA – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 695 | 695 | 690 675 |
| May | 702 | 702 | 709 681 |
| Jul | 714 | 714 | 715 694 |
| Sep | 727 | 728 | 727 709 |
| Dec | 746 | 744 | 747 733 |
| Mar | 765 | 763 | 764 746 |
| May | 779 | 777 | 779 760 |
| Jul | 792 | | 782 782 |
| Sep | 803 | | 803 787 |

Turnover: 5006 (2055) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 17 703.75 (700.79) 10 day average for Mar 18 697.71 (699.83)

**COFFEE – London FOX** $/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 893 | 900 | 904 890 |
| May | 873 | 882 | 883 872 |
| Jul | 851 | 867 | 865 849 |
| Sep | 865 | 871 | 875 865 |
| Nov | 878 | [illegible] | 884 878 |
| Jan | 882 | 896 | 895 884 |

Turnover:3379 (4736) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 17: Comp. daily 53.86 (54.36) 15 day average 56.04 (56.36)

**POTATOES – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Apr | 41.0 | 42.0 | 42.0 41.0 |
| May | 43.0 | 44.5 | 45.0 |

Turnover 43 (68) lots of 20 tonnes.

**SOYAMEAL – London FOX** £/tonne

| | Close | Previous | High/Low |
|---|---|---|---|
| Aug | - | - | |

Turnover 0 (0) lots of 20 tonnes.

**FREIGHT – London FOX** $10/index point

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 1466 | 1463 | 1465 1459 |
| Apr | 1438 | 1430 | 1438 1430 |
| May | 1400 | 1395 | 1400 1389 |
| BFI | 1466 | 1469 | 1465 |

Turnover 96 (134)

**GRAINS – London FOX** £/tonne

| Wheat | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 142.50 | 145.00 | 142.75 142.50 |
| May | 142.60 | 143.75 | 144.00 142.80 |
| Jun | 145.00 | 144.70 | 145.00 145.00 |
| Nov | 110.10 | 111.25 | 111.00 110.10 |
| Jan | 113.30 | | 114.20 113.30 |
| Mar | 116.00 | | 116.00 |
| **Barley** | **Close** | **Previous** | **High/Low** |
| Mar | 140.00 | 140.75 | 140.00 |
| Sep | 106.75 | | 107.00 106.75 |
| Nov | 109.50 | | 110.20 109.50 |

Turnover: Wheat 198 (66), Barley 38 (5).
Turnover lots of 100 Tonnes.

**PIGS – London FOX** (Cash Settlement) p/kg

| | Close | Previous | High/Low |
|---|---|---|---|
| Mar | 116.0 | | 115.0 |
| Apr | 115.0 | 115.0 | 114.9 |
| May | 115.0 | 115.0 | 114.9 |
| Jun | 112.5 | 112.0 | 112.0 |

Turnover:9 (11) lots of 3,250 kg

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | Total daily turnover 30,925 lots | |
| Cash | 1145-46 | 1141.5-42.5 | 1146.5/46 | 1146-46.5 | | |
| 3 months | 1168.5-69 | 1164-64.5 | 1171/1165 | 1168.5-69 | 1168-69 | 151,332 lots |
| **Copper, Grade A (£ per tonne)** | | | | | Total daily turnover 52,892 lots | |
| Cash | 1479.5-80.5 | 1488.5-89.5 | 1495 | 1494.5-95 | | |
| 3 months | 1503.5-04 | 1514.5-15 | 1525.5/1502 | 1520-20.5 | 1498-99 | 158,463 lots |
| **Lead (£ per tonne)** | | | | | Total daily turnover 2,673 lots | |
| Cash | 270-70.5 | 273.5-74.5 | | 271-1.5 | | |
| 3 months | 280.5-81 | 283-84 | 283.5/280.5 | 281.25-1.5 | 281-82 | 20,462 lots |
| **Nickel ($ per tonne)** | | | | | Total daily turnover 3,561 lots | |
| Cash | 5895-905 | 5870-75 | | 5900-05 | | |
| 3 months | 5965-70 | 5940-45 | 5995/5965 | 5970-72 | 5975-80 | 39,988 lots |
| **Tin ($ per tonne)** | | | | | Total daily turnover 3,061 lots | |
| Cash | 5600-10 | 5565-75 | | 5600-605 | | |
| 3 months | 5665-70 | 5630-35 | 5680/5660 | 5665-67 | 5675-80 | 8,498 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | Total daily turnover 17,995 lots | |
| Cash | 997-98 | 992-93 | 995/984 | 995-96 | | |
| 3 months | 1017.5-18 | 1012-13 | 1018/1012 | 1014-15 | 1017-18 | 89,114 lots |

LME Closing £/$ rate: SPOT: 1.4760 3 months: 1.4654 6 months: 1.4577 9 months: 1.4512

**LONDON BULLION MARKET**
(Prices supplied by N M Rothschild)

| Gold (troy oz) | $ price | £ equivalent |
|---|---|---|
| Close | 330.10-330.40 | |
| Opening | 329.20-329.60 | |
| Morning fix | 329.50 | 227.508 |
| Afternoon fix | 330.25 | 224.553 |
| Day's high | 330.50-330.80 | |
| Day's low | 329.00-329.30 | |

**Loco Ldn Mean Gold Lending Rates (Vs US$)**

| | | | |
|---|---|---|---|
| 1 month | 2.56 | 6 months | 2.46 |
| 2 months | 2.52 | 12 months | 2.46 |
| 3 months | 2.48 | | |

| Silver fix | p/troy oz | US cts equiv |
|---|---|---|
| Spot | 249.65 | 364.15 |
| 3 months | 253.25 | 368.90 |
| 6 months | 256.80 | 369.90 |
| 12 months | 263.25 | 376.15 |

**GOLD COINS**

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 329.00-332.00 | 227.00-229.00 |
| Maple leaf | 339.85-342.10 | - |
| New Sovereign | 78.50-81.50 | 54.00-56.00 |

**TRADED OPTIONS**

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Apr | Jul | Apr | Jul |
| 1125 | 30 | 61 | 3 | 10 |
| 1150 | 13 | 44 | 10 | 17 |
| 1175 | 3 | 30 | 26 | 27 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 2100 | 86 | 115 | 3 | 16 |
| 2150 | 45 | 80 | 11 | 31 |
| 2200 | 18 | 52 | 34 | 52 |
| **Coffee** | May | Jul | May | Jul |
| 850 | 46 | 47 | 23 | 46 |
| 900 | 24 | 29 | 51 | 78 |
| 950 | 11 | 17 | 88 | 116 |
| **Cocoa** | May | Jul | May | Jul |
| 725 | 12 | 33 | 35 | 44 |
| 750 | 6 | 25 | 54 | 61 |
| 775 | 3 | 15 | 76 | 79 |
| **Brent Crude** | May | Jun | May | Jun |
| 1850 | 60 | 76 | 22 | 42 |
| 1900 | 35 | 49 | 48 | |
| 1950 | 16 | 32 | | |

## New York

**GOLD** 100 troy oz.; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 330.8 | 329.5 | 0 | 0 |
| Apr | 331.2 | 329.7 | 331.7 | 328.9 |
| May | 331.8 | 330.3 | 0 | 0 |
| Jun | 332.5 | 331.0 | 333.0 | 331.1 |
| Aug | 333.8 | 332.3 | 334.5 | 332.8 |
| Oct | 335.2 | 333.7 | 0 | 0 |
| Dec | 336.7 | 335.2 | 337.2 | 336.3 |
| Feb | 338.2 | 336.6 | 338.7 | 338.7 |
| Apr | 339.7 | 338.4 | 339.5 | 339.5 |

**PLATINUM** 50 troy oz; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 350.0 | 348.2 | 350.5 | 348.2 |
| Jul | 350.0 | 348.2 | 350.5 | 348.8 |
| Oct | 350.0 | 348.2 | 350.5 | 349.5 |
| Jan | 349.0 | 347.2 | 0 | 0 |

**SILVER** 5,000 troy oz; cents/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 367.1 | 362.3 | 367.5 | 364.0 |
| Apr | 367.8 | 363.2 | 0 | 0 |
| May | 368.8 | 364.3 | 370.0 | 364.0 |
| Jul | 371.2 | 366.7 | 372.5 | 366.5 |
| Sep | 373.6 | 369.1 | 374.0 | 369.5 |
| Dec | 377.2 | 372.7 | 379.0 | 373.0 |
| Jan | 377.8 | 373.1 | 375.0 | 375.0 |
| Mar | 381.0 | 376.5 | 378.5 | 378.0 |
| May | 383.6 | 379.1 | 0 | 0 |
| Jul | 386.3 | 381.8 | 383.5 | 383.5 |

**HIGH GRADE COPPER** 25,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 96.75 | 95.80 | 98.20 | 96.70 |
| Apr | 97.05 | 96.05 | 98.40 | 97.05 |
| May | 97.45 | 96.50 | 99.10 | 97.35 |
| Jun | 97.80 | 96.90 | 0 | 0 |
| Jul | 98.10 | 97.25 | 99.50 | 98.05 |
| Aug | 98.45 | 97.85 | 0 | 0 |
| Sep | 98.75 | 98.00 | 99.60 | 99.00 |
| Oct | 98.90 | 98.15 | 0 | 0 |
| Nov | 99.15 | 98.40 | 0 | 0 |
| Dec | 99.50 | 98.75 | 100.50 | 99.50 |

**CRUDE OIL** (Light) 42,000 US galls $/barrel

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 20.23 | 20.17 | 20.30 | 20.14 |
| May | 20.39 | 20.30 | 20.45 | 20.29 |
| Jun | 20.45 | 20.36 | 20.50 | 20.34 |
| Jul | 20.52 | 20.40 | 20.51 | 20.41 |
| Aug | 20.53 | 20.42 | 20.54 | 20.41 |
| Sep | 20.46 | 20.40 | 20.48 | 20.46 |
| Oct | 20.43 | 20.38 | 20.45 | 20.40 |
| Nov | 20.44 | 20.37 | 0 | 0 |
| Dec | 20.43 | 20.35 | 20.44 | 20.38 |
| Jan | 20.36 | 20.32 | 20.36 | 20.36 |

**HEATING OIL** 42,000 US galls, cents/US galls

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 5830 | 5787 | 5890 | 5800 |
| May | 5716 | 5679 | 5730 | 5655 |
| Jun | 5630 | 5593 | 5635 | 5600 |
| Jul | 5615 | 5583 | 5615 | 5585 |
| Aug | 5665 | 5637 | 5665 | 5660 |
| Sep | 5755 | 5730 | 5760 | 5745 |
| Oct | 5860 | 5825 | 5860 | 5860 |
| Nov | 5930 | 5910 | [illegible] | 5925 |
| Dec | 6020 | 5995 | 6030 | 6010 |
| Jan | 6080 | 6037 | 6040 | 6040 |

**COCOA** 10 tonnes;$/tonnes

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 918 | 897 | 923 | 879 |
| Jul | 940 | 920 | 945 | 904 |
| Sep | 963 | 942 | 965 | 926 |
| Dec | 1000 | 979 | 1000 | 970 |
| Mar | 1030 | 1009 | 0 | 0 |
| May | 1052 | 1031 | 1047 | 1047 |
| Jul | 1070 | 1049 | 0 | 0 |
| Sep | 1092 | 1071 | 0 | 0 |
| Dec | 1122 | 1101 | 1133 | 1133 |

**COFFEE "C"** 37,500lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 59.75 | 59.90 | 59.75 | 59.30 |
| May | 60.55 | 60.70 | 61.20 | 60.10 |
| Jul | 62.35 | 62.50 | 62.60 | 61.85 |
| Sep | 63.90 | 64.00 | 64.25 | 63.75 |
| Dec | 66.35 | 66.45 | 66.60 | 66.20 |
| Mar | 68.50 | 68.65 | 68.25 | 68.25 |
| May | 70.25 | 69.50 | 70.40 | 70.40 |

**SUGAR WORLD "11"** 112,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 11.45 | 11.11 | 11.47 | 11.20 |
| Jul | 11.75 | 11.36 | 11.76 | 11.43 |
| Oct | 10.62 | 10.28 | 10.62 | 10.40 |
| Mar | 9.94 | 9.71 | 9.94 | 9.78 |
| May | 9.90 | 9.67 | 9.86 | 9.85 |
| Jul | 9.93 | 9.70 | 0 | 0 |

**COTTON** 50,000; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| May | 61.36 | 61.60 | 62.40 | 0 |
| Jul | 62.31 | 62.48 | 63.30 | 62.25 |
| Oct | 62.32 | 62.40 | 63.30 | 62.30 |
| Dec | 61.12 | 61.22 | 61.85 | 61.10 |
| Mar | 62.20 | 62.20 | 62.30 | 62.20 |
| May | 62.90 | 62.95 | 62.90 | 62.90 |
| Jul | 63.40 | 63.55 | 0 | 0 |

**ORANGE JUICE** 15,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 78.00 | 77.65 | 79.00 | 77.70 |
| May | 80.50 | 80.05 | 81.25 | 79.65 |
| Jul | 83.40 | 83.00 | 84.10 | 82.30 |
| Sep | 86.25 | 85.55 | 86.80 | 84.25 |
| Nov | 88.50 | 87.55 | 88.50 | 88.00 |
| Jan | 89.50 | 89.15 | 91.00 | 90.20 |
| Mar | 91.50 | 90.25 | 92.95 | 92.95 |
| May | 91.50 | 90.25 | 0 | 0 |
| Jul | 91.50 | 90.25 | 0 | 0 |

**INDICES**

REUTERS (Base:September 18 1931 = 100)

| Mar 18 | Mar 17 | mnth ago | yr ago |
|---|---|---|---|
| 1757.8 | 1763.4 | 1780.2 | 1616.7 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | Mar 17 | Mar 16 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 125.29 | 125.51 | 125.32 | 118.14 |
| Futures | 130.36 | 131.27 | 122.17 | 126.36 |

## Chicago

**SOYABEANS** 5,000 bu min; cents/60lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 589/4 | 584/0 | 587/4 | 583/6 |
| May | 588/6 | 585/6 | 590/2 | 585/4 |
| Jul | 593/6 | 590/6 | 595/4 | 590/6 |
| Aug | 596/4 | 593/0 | 597/6 | 593/4 |
| Sep | 598/0 | 594/6 | 599/4 | 595/0 |
| Nov | 602/6 | 600/2 | 604/6 | 600/2 |
| Jan | 611/0 | 608/2 | 612/0 | 608/0 |
| Mar | 618/4 | 615/6 | 619/4 | 615/6 |

**SOYABEAN OIL** 60,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 21.09 | 20.92 | 21.17 | 20.97 |
| May | 21.16 | 21.15 | 21.40 | 21.12 |
| Jul | 21.39 | 21.39 | 21.65 | 21.34 |
| Aug | 21.45 | 21.46 | 21.71 | 21.43 |
| Sep | 21.53 | 21.52 | 21.79 | 21.53 |
| Oct | 21.60 | 21.59 | 21.85 | 21.60 |
| Dec | 21.75 | 21.75 | 21.96 | 21.75 |
| Jan | 21.80 | 21.76 | 22.00 | 21.80 |

**SOYABEAN MEAL** 100 tons; $/ton

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 182.5 | 180.9 | 182.6 | 180.8 |
| May | 183.4 | 182.4 | 183.9 | 182.4 |
| Jul | 184.8 | 184.1 | 185.4 | 184.1 |
| Aug | 185.8 | 185.2 | 186.3 | 185.4 |
| Sep | 186.9 | 186.4 | 187.2 | 186.5 |
| Oct | 187.9 | 187.5 | 188.3 | 187.5 |
| Dec | 190.7 | 190.6 | 191.1 | 190.4 |
| Jan | 191.0 | 191.0 | 191.5 | 191.0 |

**MAIZE** 5,000 bu min; cents/56lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 219/2 | 218/0 | 219/4 | 217/6 |
| May | 225/0 | 223/2 | 225/2 | 223/6 |
| Jul | 231/6 | 230/0 | 232/2 | 230/6 |
| Sep | 236/2 | 235/2 | 236/6 | 235/6 |
| Dec | 243/2 | 242/6 | 244/0 | 242/6 |
| Mar | 250/0 | 249/2 | 250/2 | 249/2 |
| May | 253/6 | 253/2 | 253/6 | 253/4 |
| Dec | 249/6 | 249/6 | 250/0 | 249/2 |

**WHEAT** 5,000 bu min; cents/60lb-bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 396/0 | 392/4 | 398/0 | 390/4 |
| May | 341/4 | 336/0 | 343/0 | 336/4 |
| Jul | 308/6 | 306/6 | 309/4 | 306/4 |
| Sep | 311/6 | 309/6 | 312/0 | 309/4 |
| Dec | 319/6 | 318/6 | 321/0 | 316/4 |
| Mar | 323/4 | 323/0 | 324/0 | 321/6 |

**LIVE CATTLE** 40,000 lbs; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 83.275 | 82.350 | [illegible] | 82.550 |
| Jun | 77.025 | 76.550 | 77.175 | 76.750 |
| Aug | 73.925 | 73.350 | 73.975 | 73.450 |
| Oct | 73.850 | 73.275 | 73.975 | 73.350 |
| Dec | 73.600 | 73.275 | 73.850 | 73.400 |
| Feb | 72.675 | 72.600 | 73.100 | 72.850 |
| Apr | 74.200 | 73.775 | 74.250 | 73.900 |

**LIVE HOGS** 40,000 lb; cents/lbs

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 50.375 | 48.875 | 50.375 | 49.800 |
| Jun | 56.075 | 53.575 | 55.075 | 53.900 |
| Jul | 53.300 | 51.800 | 53.300 | 52.000 |
| Aug | 50.375 | 49.000 | 50.400 | 49.050 |
| Oct | 45.250 | 44.425 | 45.800 | 44.650 |
| Dec | 45.775 | 45.050 | 45.875 | 45.250 |
| Feb | 45.700 | 45.100 | 45.900 | 45.500 |
| Apr | 44.650 | 44.150 | 44.650 | 44.200 |

**PORK BELLIES** 40,000 lbs; cents/lb

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 51.400 | 49.400 | 51.400 | 51.400 |
| May | 52.100 | 50.100 | 52.100 | 50.900 |
| Jul | 52.625 | 50.625 | 52.625 | 51.350 |
| Aug | 48.950 | 47.950 | 49.950 | 49.100 |
| Feb | 51.500 | 49.500 | 51.500 | 49.900 |
| Mar | 50.000 | 48.800 | 50.000 | 0 |

# Strong pound restrains equity market

By Steve Thompson

THE LONDON market's continuing disenchantment with the chancellor of the exchequer's Budget proposals and an impressive show of strength by sterling kept the lid on share prices yesterday, in spite of a wealth of highly encouraging domestic and international economic and corporate news.

The expiry today of the March Footsie futures contract was another factor cited by dealers as being largely responsible for bringing some of the unexpected downside pressure to bear on the cash market.

However, not even a constant flow of bullish news, which included the first fall in UK unemployment figures for 34 months, highly encouraging data on UK average earnings, unit wage costs and building society lending, proved sufficient to offset the effect of a rising pound.

The latter was in positive territory all day, anticipating the half-point reduction in Germany's discount rate, a move said to have been discounted by the UK market for some days.

The extent of sterling's rise was seen by the market as indicating that another hoped for reduction in UK rates could still be some way off. Gilt-edged securities subsequently attracted strong support throughout the session.

The FT-SE 100 Index settled a net 10.2 lower at 2,879.7, just a fraction above the day's worst level of 2,879.6 registered only minutes before the close of trading.

There was better news for the market's second-rank stocks which comprise the FT-SE Mid 250 Index. Reports of sizeable switching operations out of the FT-SE 100 and into the Mid 250 stocks saw the latter index finish 7.4 higher at 3,133.3.

Equity prices were under pressure at the outset, when the Footsie future was responsible for driving the cash market down by around nine points during the first hour of trading.

The whiff of a German interest rate cut, however, plus some determined buying of selected areas of the market – notably the property stocks – brought about a keen rally which lifted the FT-SE 100 to the day's high of 2,896.7 shortly after midday.

Thereafter, bouts of selling pressure, especially in the leading international stocks, saw the market retreat to close just off the day's low. Traders were surprised at the extent of the market's decline, especially in the face of a strong opening on Wall Street, which was almost 30 points ahead shortly after it opened.

A senior marketmaker at one of the leading UK integrated securities houses said that the equity market "now feels much more comfortable" after the 42.7 points decline since the Budget. But he emphasised that the big UK institutions "are still mulling over the advance corporation tax and tax credit changes".

Turnover of 706.3m shares was described as "brisk but unspectacular", and was again heavily weighted in favour of the non-FT-SE 100 stocks, giving credence to the talk of switching into the smaller stocks. The value of market business transacted on Wednesday totalled £1.4bn.

Spring Ram provided one of the session's real features, the shares plunging after being relisted in the wake of the profits warning. At the close the stock had halved from its pre-suspension price of 129p; turnover rocketed to 27m shares.

## TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

## Account Dealing Dates

| | | |
|---|---|---|
| *First Dealings: | | |
| Mar 1 | Mar 15 | Mar 29 |
| Option Declarations: | | |
| Mar 11 | Mar 25 | Apr 15 |
| Last Dealings: | | |
| Mar 12 | Mar 26 | Apr 16 |
| Account Day: | | |
| Mar 22 | Apr 5 | Apr 26 |

*New time dealings may take place from 8.30am two business days earlier.

## FT-SE Actuaries Share Indices — THE UK SERIES

| FT-SE 100 | FT-SE MID 250 | FT-A ALL-SHARE |
|---|---|---|
| 2879.7 −10.2 | 3133.3 +7.4 | 1411.80 −2.77 |

| | Mar 18 | Day's change % | Mar 17 | Mar 16 | Mar 15 | Year ago | Earnings yield % | Dividend yield % | P/E Ratio | Xd adj ytd |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 2879.7 | −0.4 | 2889.9 | 2919.3 | 2922.4 | 2467.6 | 4.26 | 4.21 | 20.42 | 19.95 |
| FT-SE Mid 250 | 3133.3 | +0.2 | 3125.9 | 3118.9 | 3112.0 | 2445.4 | 6.59 | 4.07 | 19.18 | 12.67 |
| FT-SE-A 350 | 1429.5 | −0.2 | 1431.7 | 1443.4 | 1442.9 | 1200.1 | 5.34 | 4.18 | 20.13 | 8.99 |
| FT-SE SmallCap | 1566.60 | +0.3 | 1562.13 | 1564.09 | 1561.21 | – | 5.18 | 4.08 | 26.58 | 7.32 |
| FT-SE SmallCap ex Inv Trusts | 1575.85 | +0.3 | 1571.55 | 1573.22 | 1569.10 | – | 5.74 | 4.26 | 24.56 | 9.50 |
| FT-A ALL-SHARE | 1411.80 | −0.2 | 1414.57 | 1424.79 | 1424.95 | 1186.78 | 5.27 | 4.17 | 20.44 | 8.75 |
| 1 CAPITAL GOODS(211) – 71 Investment Trusts(107), FT-A ALL-SHARE(NS) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### Hourly movements

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.10 | High/day | Low/day |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 2889.9 | 2881.2 | 2888.7 | 2894.3 | 2893.3 | 2889.5 | 2880.6 | 2882.6 | 2879.8 | 2896.7 | 2879.6 |
| FT-SE Mid 250 | 3128.7 | 3126.9 | 3134.9 | 3136.0 | 3136.1 | 3137.3 | 3134.5 | 3134.5 | 3133.5 | 3141.1 | 3126.7 |
| FT-SE-A 350 | 1432.1 | 1429.7 | 1432.2 | 1434.6 | 1434.1 | 1432.7 | 1429.0 | 1429.6 | 1428.9 | 1435.5 | 1428.4 |

Gross dividend yield [illegible]

### FT-SE Actuaries 350 Industry Baskets

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.10 | Close | Previous close | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Construction | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Health/HR | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Water | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Banks | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. [illegible] The FT-SE 100, FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited [illegible] The FT-SE Actuaries Share Indices are audited by The WM Company.

# Broker boost to properties

PROPERTY shares were sent surging forward yesterday as one leading agency broker issued a major buy note on the sector, producing the highest turnover in Land Securities, the UK's biggest property group, for nearly four years.

James Capel's decision to turn positive on the sector came as a result of Tuesday's Budget, where changes to advance corporation tax meant that property stocks were yielding an all-time high against the equity market for gross funds. Capel's Mr Alan Carter said: "Even though the sector has shown some gains of late, we believe there is further recovery to come."

The broker's recommendations sent the shares of all the leading stocks sharply forward. Land Securities advanced 11 to 517p in very heavy turnover of 8.1m, while British Land gained 12 at 275p, Brixton Estates 7 at 197p, Great Portland Estates 7 at 169p, Greycoat 3½ at 19p and MEPC 13 at 418p. The only stock Capel was not recommending was Hammerson, where the broker believes the recent bid speculation has taken the shares too high. Yesterday the "A" shares closed a penny firmer at 376p and the ordinary 8 ahead at 415p.

Second line property issues rode on the coat tails of the leaders' rise. Frogmore Estates appreciated 7 to 398p, Helical Bar 6 to 152p, Speyhawk 2 to 14¼p and Chesterfield Properties 28 to 253p.

However, other property analysts expressed a more cautious view. Mr Graham Stanley at NatWest Securities said a blanket rerating of the sector was untimely and that pension and gross fund investors, although underweight, would be selective in their investments.

## Yorkshire TV talk

Strong rumours that Granada Group is poised to buy a near-20 per cent stake in Yorkshire Television set the broadcasting sector alight with takeover talk and sent Yorkshire TV's shares smartly forward. Analysts said they believed that Granada was negotiating with W.H. Smith for its Yorkshire TV stake, with a £16m price tag being mooted.

Under present legislation, there is a 20 per cent ceiling on a shareholding in television franchise comapanies and a moratorium on full-blown bids until the end of the year. A Granada move into Yorkshire TV would fit in well with the former's strategy of expanding its television interests, which privately it has said would include buying other broadcasting groups.

Granada tumbled initially yesterday as NatWest Securities suggested problems ahead over the group's large pension fund surplus. However, the Yorkshire TV stake talk lifted sentiment and the shares ended only a net 4 off at 366p. Yorkshire TV shot forward on the speculation, the ordinary shares reaching 172p before ending 8 up at 165p. W.H. Smith "A" dipped 10 to 440p.

## Spring Ram warning

A profits warning from Spring Ram sent the shares spiralling downward as they were re-listed shortly before midday. As marketmakers struggled to keep pace with the share price collapse on dealing screens, analysts began the task of trying to assess the damage ahead of the group's results on Monday. The shares finally came to rest at 63¾p, a drop of 65¼ on the day in monster turnover of 26m.

Spring Ram warned that profits would be down towards the £26m level, against market forecasts of around £41m. However, with the group being in its closed period, few details emerged which would indicate the scale or the exact whereabouts of the problems, according to analysts. One leading building specialist said: "The bottom line is which direction are underlying profits taking. Until the results on Monday, the shares are under a cloud of uncertainty."

A bearish move by one of the leading securities houses sent shares in food retailers into reverse. Dealers said BZW, one of the most prominent names in the sector, had turned more cautious, with worries over margins following a bout of agressive pricing said to be one reason.

While Asda was still garnering favour prior to joining the FT-SE 100, the shares up 1½ at 75¼p, the rest of the sector generally took fright at the bearish talk. Argyll Group tumbled 12½ to 362½p, Iceland Frozen Foods 8 to 731p, J Sainsbury 3 to 515p, while Tesco finished 9 adrift at 243p in turnover of 8.4m.

Much better than expected preliminary figures and a proposed one-for-one scrip issue from Schroders, the merchant bank, propelled the stock sharply ahead and prompted sympathetic gains in shares of the other quoted merchant banks.

The 18 per cent rise in profits to £64m was well in excess of market forecasts, as was the dividend.

Schroders ordinary shares jumped 115 to a record 1890p, while the more widely held non-voting stock raced up 88 to 1588p, also an all-time peak.

S.G. Warburg advanced 14 to 617p, Hambros, due to report preliminaries in June, moved up 4 to 334p and Kleinwort Benson added 6 at 377p.

Barclays and National Westminster continued to outpace the rest of the banks sector, the latter settling 8 higher at 448p and the former - still helped by the recent round of presentations to UK institutions – climbing 7 to 412p.

Drugs stocks continued weak on fears that the Clinton administration would freeze prices. Glaxo Holdings slipped 14 to 619p, SmithKline Beecham 10½ to 437p and Wellcome 15 to 887p. However, Boots was strong on the back of press reports that the UK prescription business was to be overhauled in favour of larger dispensers. The shares rose 6 to 512p.

Figures from United Biscuits came largely in line with market forecasts, but a confident statement aided sentiment and the shares put on 10 to 398p.

Results from Guinness were not so well received as the drinks group reported a downturn in the Spanish beer market. Analyst also predicted a flat time in the whisky business over the next year and consequently there were few changes to forecasts. The shares retreated 17 to 468p.

The sharp rise in sterling against the dollar brought British Petroleum's strong post-Budget run to an abrupt halt, with the shares, which on Wednesday hit a 16-month high, receding 5 to 299½p. Turnover in BP was a good 12m shares, continuing the spell of hefty turnover levels in the stock.

Profit-taking affected the exploration and production stocks, Lasmo slipping 3 to 186p and Enterprise 6 to 498p.

The market was cheered by the leap in figures at Legal & General, which sent the shares sharply forward. They strengthened 16 to 481p in light trading of 2.1m.

The sentiment in L & G boosted several other stocks in the sector. These included Royal Insurance, 10 up at 318p after 5.5m traded, and Sun Alliance, also 10 ahead, at 361p.

Heavy selling of the Trafalgar House nil-paid shares left a hefty 11m traded ahead of today's close of dealing in the stock. A more modest 2.5m was dealt in the old shares. The nil-paid gave up 2¼ to 9p while the old shed 3 to 69½p.

Business services group BET declined 5½ to 95p on suggestions that Robert Fleming had downgraded profits expectations. The broker was said to have reduced its current year estimate by £8m to £67m, and made a deeper cut on the following year's forecast, lowering it by £14m to £96m.

Securities house Kleinwort Benson was reported to be positive on British Aerospace, where analysts are currently on a visit to the group's car subsidiary Rover. The shares firmed 2 to 280p.

In motors, good figures at Evans Halshaw lifted the shares 19 to 288p, and the sentiment flowing from those results led investors into Lex Service which helped the shares firm 9 to 319p.

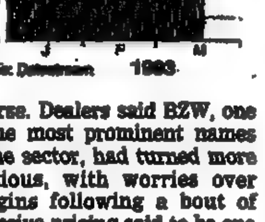
**MARKET REPORTERS:**
Christopher Price,
Joel Kibazo,
Steve Thompson.

■ Other market statistics, Page 19

## FT-A All-Share Index

## Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



Source: Datastream 1993

## NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (136).

BRITISH FUNDS (12) Treas. 5½pc '08-12, Treas. 7¾pc '12-15, Consols 4pc, Treas. 4⅝pc IL '04, Treas. 2pc IL '06, Treas. 2½pc IL '09, Treas. 2½pc IL '11, Treas. 2½pc IL '13, Treas. 2½pc IL '16, Treas. 2½pc IL '20, Treas. 2½pc IL '24, Treas. 4⅛pc IL '30, OTHER FIXED INTEREST (4) Liverpool 3½pc, Met. Water 3pc, N'wide Anglia 3⅞pc IL '21, Do 4¼pc IL '24, CANADIANS (1) Hudson's Bay, BREWERS (4) Boddington, Bulmer, Devenish, Greene King, BLDG MATLS (1) Anglian, BUSINESS SERVS (2) Davis Service, Johnson Cleaners, CHEMS (2) BTR Nylex, Yule Catto, CONGLOMERATES (1) CSR, ELECTRONICS (6) Diploma, Electrocomps., Eurotherm, Farnell, ISA, Sage, ENG GEN (7) Carclo, Fairey, Hall, Halma, Powerscreen, Rotork, Vosper, FOOD MANUF (1) Barr, FOOD RETAILING (3) ASDA, Gead, Nurdin & Peacock, HEALTH & HSEHOLD (2) Amersham, [illegible] HOTELS & LEIS (3) First Leis., Pelican, [illegible] INSCE BROKERS (3) Alex. & Alex. 11pc Dc '07, Hogg, INSCE COMPOSITE (2) Royal, Sun Alliance, INSCE LIFE (4) Britannic, Lon. & Manchester, Refuge, Transatlantic, INV TRUSTS (13) EFM Japan, Do Wts., Finsbury Smllr. Cos., Fleming Japanese, Do Wts., For. & Colonial Pacific, Do Wts., Greenfriar, Martin Currie Euro., Martin Currie Pacific, Do Wts., Mid Wynd, Northern Investors, MEDIA (10) Anglia TV, Dorling Kindersley, Johnston Press, LWT 5.90825p Pf., MMI, Do Wts., Portsmouth & Sunderland, Utd. News., Watmoughs, Yorks. Tyne-Tees, MERCHANT BANKS (4) Hambros, Do 7½pc Pf., Schroders, Do N/V, MISC (7) Black (P), Brit. Bloodstock, Gt. Southern, Lincoln House, Norabin, Osborne & Little, Portmeirion Potts., MOTORS (4) BBA, Do 6¼pc Pf., Burndene, Quicks, OIL & GAS (1) Calor, OTHER FINCL (3) Cattle's, First Natl. Fin. 7pc Pf., Ivory & Sime, OTHER INDLS (2) Suter, Vinten, PACKG, PAPER & PRINTG (2) Macfarlane, St Ives, PROP (18) Bilton, Bradford, Brit. Land, Brixton Est., Daejan, Debenham Tewson, Frogmore, Gt. Portland 9½pc Cv. '02, Hambro Countrywide, Helical Bar, Land Sec., Lon. Merchant Secs. Defd., MEPC, Molyneux, RPS, Shaftesbury, Slough 8¼pc Pf., St Modwen, STORES (2) Burton, Courts, TEXTS (3) Brit.Mohair, Coats Viyella, Stirling, TRANSPORT (2) Manchester Ship, P & O Defd., WATER (4) Northumbrian, South West, Welsh, Yorks., MINES (5) CRA, Delta Gold, Pancont'l, Resolute, Sons Gwalia.

NEW LOWS (11).

BLDG MATLS (1) Spring Ram, BUSINESS SERVS (1) Wagon, CONTG & CONSTRCN (1) Galliford, ELECTRONICS (1) Standard Platform, HEALTH & HSEHOLD (1) Glaxo, HOTELS & LEIS (1) [illegible], INV TRUSTS (2) Aberforth Split Level Inc., M & G Dual Inc., MISC (2) Erskine House, Stonehill, OIL & GAS (1) Teredo

## FINANCIAL TIMES EQUITY INDICES

| | Mar 18 | Mar 17 | Mar 16 | Mar 15 | Mar 12 | Year ago | High | Low |
|---|---|---|---|---|---|---|---|---|
| Ordinary share | 2247.3 | 2249.0 | 2273.3 | 2269.9 | 2269.0 | 1923.1 | 2299.5 | 1870.0 |
| Ord. div. yield | 4.35 | 4.27 | 4.32 | 4.32 | 4.30 | 4.69 | 5.34 | 4.23 |
| Earning yld % full | 6.10 | 6.15 | 6.07 | 6.07 | 6.05 | 6.63 | - | - |
| P/E ratio net | 20.45 | 20.25 | 20.50 | 20.52 | 20.59 | 19.19 | 22.01 | 15.79 |
| P/E ratio nil | 18.89 | 18.72 | 18.97 | 18.97 | 19.03 | 18.12 | - | - |
| Gold Mines | 97.9 | 97.1 | 97.7 | 98.9 | 97.8 | 122.1 | 160.6 | 88.0 |

*for 1992/93. Ordinary share index since compilation: high 2299.5 10/3/93 - low 49.4 26/6/40. Gold Mines Index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71. Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

| Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|
| 2246.5 | 2241.9 | 2240.7 | 2254.1 | 2254.4 | 2253.2 | 2248.4 | 2250.1 | 2248.4 | 2257.1 | 2241.1 |

| Volume | Mar 18 | Mar 17 | Mar 16 | Mar 15 | Mar 12 | Year ago |
|---|---|---|---|---|---|---|
| SEAQ Bargains | 33,613 | 32,410 | 32,188 | 38,937 | 46,356 | 25,478 |
| Equity Turnover(£m)† | - | 1403.1 | 1301.2 | 1203.5 | 1541.7 | 1000.1 |
| Equity Bargains† | - | 35,960 | 37,334 | 43,808 | 51,708 | 34,795 |
| Shares traded (mil)† | - | 577.1 | 508.1 | 582.2 | 701.5 | 459.8 |

† Excluding intra-market business and overseas turnover.

London report and latest Share Index Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

## EQUITY FUTURES AND OPTIONS TRADING

DISAPPOINTMENT that the UK government was unlikely to follow the Bundesbank in reducing interest rates led to a decline in the Footsie futures, writes Joel Kibazo.

The last full trading session for the March contract on the FT-SE 100 Index saw it open at 2,889 and it was quickly sold down, setting a day's low of 2,876 at 9.30am. But speculation and hopes that the German monetary authorities were about to lower rates led to buying of the contract and by midday it was trading at 2,912, the high for the session.

A subsequent period of sideways trading was followed around lunchtime by the announcement from the Bundesbank that it was making a ½ percentage point cut in rates. This, however, failed to lead to follow-through buying and, coupled with the lack of a similar move from the UK authorities, saw the contract relinquish the earlier gain.

March traded in a tight 10-point range for the two hours until the market's close. It finished at 2,877, once again at a small discount to the underlying cash market, with turnover a reasonable 11,071 lots.

Today's expiry of the March index options provided the main feature in traded options, leading to strong volume in the index options. Total turnover was 32,164 contracts, of which 12,242 were dealt in the FT-SE 100 option and 4,314 in the Euro FT-SE. Asda was the busiest stock option, with 2,885 lots dealt.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| Notes | Price £ | + or − | 1992/93 High | 1992/93 Low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### BRITISH FUNDS - Cont.

| Notes | Price £ | + or − | 1992/93 High | 1992/93 Low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### BRITISH FUNDS - Cont.

| Notes | Price £ | + or − | 1992/93 High | 1992/93 Low | Yield |
|---|---|---|---|---|---|
| Index-Linked | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### OTHER FIXED INTEREST

| Notes | Price £ | + or − | 1992/93 High | 1992/93 Low | Yield |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Continued on next page



# Appointments Advertising

appears every
Wednesday & Thursday
Friday
(International edition only)

## AMERICANS

| | Notes | Price £ | + or – | 1992/93 high | low | Mkt Cap£m | Yld Gr's |
|---|---|---|---|---|---|---|---|
| Abbott Labs | | [illegible] | [illegible] | [illegible] | [illegible] | 14,750 | 2.7 |
| Allegheny & W | ♥ | [illegible] | +15 | 571p | [illegible] | [illegible] | 3.7 |
| Amdahl | | [illegible] | -21 | 1159p | [illegible] | 604.2 | 1.3 |
| Amer Cyanamid | | [illegible] | [illegible] | [illegible] | [illegible] | 3,099 | 3.3 |
| Amer Express | | [illegible] | [illegible] | [illegible] | [illegible] | 9,052 | 3.7 |
| Amer T & T | | [illegible] | [illegible] | [illegible] | [illegible] | 52,530 | 2.3 |
| Ameritech | | [illegible] | -1 | [illegible] | [illegible] | 22,658 | 4.9 |
| BankAmerica | | [illegible] | [illegible] | [illegible] | [illegible] | 12,425 | 2.7 |
| Bankers NY | | [illegible] | [illegible] | [illegible] | [illegible] | 4,093 | 4.2 |
| Bell Atlantic | | [illegible] | [illegible] | [illegible] | [illegible] | 15,838 | 5.0 |
| BellSouth | | [illegible] | [illegible] | [illegible] | 25 | 18,387 | 5.2 |
| Bethlehem Steel | ♥ | [illegible] | [illegible] | [illegible] | [illegible] | 1,087 | – |
| Bowater | | [illegible] | [illegible] | 1662p | 905p | 892.6 | 1.7 |
| CPC | h | [illegible] | [illegible] | [illegible] | [illegible] | 4,780 | 2.6 |
| Cadiz Land Inc | ♥ | 115p | — | 342p | 108p | – | – |
| California Engy | | 1479p | — | 1479p | 591p | 269.3 | – |
| Chase Manhattan | | [illegible] | [illegible] | [illegible] | [illegible] | 3,726 | 3.4 |
| Chrysler | | [illegible] | [illegible] | [illegible] | [illegible] | 7,906 | 1.5 |
| Citicorp | | [illegible] | [illegible] | [illegible] | [illegible] | 7,288 | – |
| Colgate-Palm | | [illegible] | [illegible] | [illegible] | [illegible] | 7,234 | 1.9 |
| Cont'l Bank | | 1783p | -6 | 1798p | 499p | 1,801 | 2.3 |
| Dana | | [illegible] | [illegible] | [illegible] | [illegible] | 1,424 | 3.5 |
| Data General | | 887p | -39 | 1004p | 384p | 244.6 | – |
| Decora Inds | ♥ | 146p | — | 146p | 66p | – | – |
| Dun & Brad | | [illegible] | [illegible] | [illegible] | [illegible] | 7,268 | 3.8 |
| Eaton | | [illegible] | [illegible] | [illegible] | [illegible] | 1,984 | 2.7 |
| Echlin | | [illegible] | [illegible] | [illegible] | [illegible] | 974.3 | 2.3 |
| FPL | | [illegible] | [illegible] | [illegible] | [illegible] | 4,734 | 6.5 |
| Ford Motor | | [illegible] | [illegible] | [illegible] | 15 | 16,382 | 2.0 |

## CANADIANS

## BANKS

## BREWERS & DISTILLERS

## BUILDING MATERIALS

## BUILDING MATERIALS - Cont.

## BUSINESS SERVICES

## CHEMICALS

## CONGLOMERATES

## CONTRACTING & CONSTRUCTION

## ELECTRICALS

## ELECTRICITY

## ELECTRONICS

## ENGINEERING-AEROSPACE

## ENGINEERING-GENERAL

## ENGINEERING-GENERAL - Cont.

## FOOD MANUFACTURING

## FOOD RETAILING

## HEALTH & HOUSEHOLD

## HOTELS & LEISURE

## HOTELS & LEISURE - Cont.

## INSURANCE BROKERS

## INSURANCE COMPOSITE

## INSURANCE LIFE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

## INVESTMENT TRUSTS - Cont.

| | Notes | Price | + or - | 1992/93 high | low | Yld Gr's | NAV | Dis or Pm(-) |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

Net asset values supplied by Natwest Securities Limited as a guide only. See guide to London Share Service.

## INVESTMENT COMPANIES

| | Notes | Price | + or - | 1992/93 high | low | Yld Gr's | NAV | Dis or Pm(-) |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

Net asset values supplied by Natwest Securities Limited as a guide only. See guide to London Share Service.

## MEDIA

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## MERCHANT BANKS

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| Baring 8pc Cm 3rd Pf. | | 103 | +1 | 105½ | 93½ | 12.9 | 10.4 | - |
| 9¼pc Non-Cum Pf | | 122½ | — | 127½ | 103¼ | 48.9 | 10.6 | - |
| Close Bros | | 343xd | — | 365 | 265 | 132.1 | 3.7 | [illegible] |
| Hambros | | 334 | +4 | 334 | 202 | 691.8 | 5.8 | [illegible] |
| 7½pc Cv Pf | | 142 | +4 | 142 | 91½ | 213.8 | 7.0 | - |
| [illegible] | | | | | | | | |

## METALS & METAL FORMING

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## MISCELLANEOUS

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## MOTORS

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## OIL & GAS

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## OIL & GAS - Cont.

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## OTHER FINANCIAL

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## OTHER INDUSTRIALS

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## PACKAGING, PAPER & PRINTING

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## PACKAGING, PAPER & PRINTING - Cont.

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## PROPERTY

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## STORES

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## TELEPHONE NETWORKS

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## TEXTILES

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## TRANSPORT

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## WATER

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## SOUTH AFRICANS

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## PLANTATIONS

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## MINES

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## MINES - Cont.

| | Notes | Price | + or - | 1992/93 high | low | Mkt Capm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◇ Figures or report awaited
- ◆ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ¶ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Not subject to ACT. z Dividend yield includes a special payment. E Auction basis. F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1993-94. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

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Call +44 71-925 2128 for more details.

# FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

## AUTHORISED UNIT TRUSTS

**AIB Unit Trust Managers Limited (1000)F**
51 Belmont Rd, Uxbridge Middx UB8 1RZ 0895 259783

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| AIB Grofund America | 5 | 165.5 | 167.3 | 176.1 | -1.20 | 0.00 |
| AIB Grofund Equity | 5 | 205.0 | 207.6 | 219.7 | -1.40 | 3.59 |
| AIB Grofund Euro | 5 | 162.2 | 162.8 | 173.2 | -0.30 | 0.57 |
| AIB Grofund Gilt Balanced | 3 | 104.0 | 106.2 | 109.5 | .. | 1.77 |
| AIB Grofund Gilt | 3 | 78.25 | 78.40 | 80.82 | [illegible] | 5.00 |
| AIB Grofund Japan | 5 | 144.6 | 146.2 | 153.9 | +2.30 | 0.00 |

**AXA Equity & Law Unit Tst Mngrs (1200)H**
Equity & Law Hse, Corporation St, Coventry 0203 553231

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| General Inc | 5 | 419.3 | 421.2xd | 448.1 | +0.7 | 2.57 |
| General Acc | 5 | [illegible] | [illegible] | [illegible] | +0.6 | 2.57 |
| UK Growth Acc | 6 | 307.9 | 312.8 | 332.0 | +3.0 | 2.91 |
| UK Growth Inc | 6 | 220.7 | 223.7 | 238.0 | +0.2 | 2.91 |
| Higher Inc Acc | 6 | 555.6 | 563.7 | 599.7 | +3.8 | [illegible] |
| Higher Inc Inc | 6 | 342.8 | 347.7 | 369.9 | +2.3 | [illegible] |
| Gilts/Fxd Int Acc | 5½ | 175.7 | 175.7xd | 185.5 | -0.1 | [illegible] |
| Gilts/Fxd Int Inc | 5½ | 92.11 | 92.11xd | 97.28 | -0.02 | [illegible] |
| Nth America | 6 | [illegible] | 269.3 | 286.5 | -3.1 | 0.00 |
| Far East | 6 | 263.9 | 263.9 | 280.8 | +2.6 | 0.10 |
| Europe | 6 | 216.8 | 216.8xd | 230.7 | +0.1 | 1.24 |
| Brit Equity | 6 | 63.63 | 63.63 | 67.70 | -0.03 | 2.40 |
| Brit Fndmntls Acc | 6 | 84.05 | 84.05xd | 89.42 | +0.55 | [illegible] |
| Brit Fndmntls Inc | 6 | 65.21 | 65.22xd | 69.38 | +0.44 | [illegible] |
| Global Opps | 6 | 70.39 | 70.39 | 74.89 | -0.35 | 0.00 |

**Abbey Unit Tst Mngrs (1000)H**
80 Holdenhurst Rd, Bournemouth 0345 717373

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Grs |
|---|---|---|---|---|---|---|
| Gilts & Fixed Inc | 6 | 129.3 | 129.3xd | 137.1 | +0.1 | [illegible] |
| High Inc Equity | 6 | 148.2 | 151.0 | 160.6 | +0.6 | [illegible] |
| Worldwide Bond | 6 | 267.0 | 267.0xd | 283.0 | +0.4 | [illegible] |
| American Growth | 6 | 297.5 | 297.5 | 318.1 | -2.1 | [illegible] |
| Asian Pacific | 6 | 210.4 | 215.1 | 228.8 | +1.0 | [illegible] |
| Assets & Earnings | 6 | 225.1 | 229.3 | 243.9 | -0.3 | [illegible] |

[illegible]

### Guide to pricing of Authorised Unit Trusts

*Compiled with the assistance of Lautro §§*

**INITIAL CHARGE:** [illegible]

**OFFER PRICE:** [illegible]

**BID PRICE:** [illegible]

**CANCELLATION PRICE:** [illegible]

**TIME:** [illegible]

**HISTORIC PRICING:** The letter H denotes [illegible]

**FORWARD PRICING:** The letter F denotes [illegible]

**SCHEME PARTICULARS AND REPORTS:** [illegible]

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, [illegible]
Tel: 071 – [illegible]

[illegible]

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Sharp (Albert E.) & Co (1000)F

Sheppards Unit Trust Mngmt Ltd (1200)F

Singer & Friedlander UT Mngmt Ltd (1000)F

Smith & Williamson Unit Tst Mgrs (1600)F

Societe Generale Touche Remnant (1200)F

Whittingdale Unit Tst Mngmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

## OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities/Charitrust (1000)F

## INSURANCES

Continued on next page

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## Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Life Funds** | | | | |
| Adventurous Mngd | 169.5 | 180.4 | +0.2 | - |
| Balanced Gwth Mngd | 689.0 | 733.0 | +0.2 | - |
| Cautious Mngd | 130.6 | 139.0 | -0.3 | - |
| Cash Fd | 318.8 | 336.0 | -- | - |
| Property Fund | 217.1 | 231.0 | --- | - |
| Gilt Fund 20 | 453.1 | 482.1 | +0.3 | - |
| Equity Fund | 795.7 | 846.5 | +2.0 | - |
| Fxd. Int. Fund | 424.7 | 447.6 | -0.5 | - |
| International | 354.6 | 377.3 | +1.6 | - |
| High Income | 618.9 | 658.5 | -0.5 | - |
| Technology | 470.9 | [illegible] | -3.3 | - |
| North American | 485.1 | 516.1 | -1.6 | - |
| Far East | 472.5 | 502.7 | [illegible] | - |
| Special Sits | 558.6 | 594.3 | -1.4 | - |
| Extra Inc Fd | 332.5 | 359.8 | +0.2 | - |
| American Income | 194.2 | 206.6 | -0.1 | - |
| [illegible] | 161.6 | 172.0 | [illegible] | - |
| European Fund | 128.2 | 136.4 | +0.9 | - |
| Pref & Fixed Int | 114.3 | [illegible] | -1.9 | - |
| UK Blue Chip | 119.9 | 126.4 | +0.1 | - |
| Recovery Fund | 121.3 | 127.9 | +0.1 | - |
| Equity Income Dist. | 111.1 | 118.2 | --- | 5.08 |
| Managed Dist. | 104.8 | 111.5 | -0.3 | 5.77 |
| High Yield Dist. | 105.3 | 111.0 | -0.5 | 7.75 |
| **Pension Funds** | | | | |
| Adventurous Mngd Pens Acc. | 181.0 | 190.6 | +0.4 | - |
| [illegible] | 814.0 | 856.9 | +0.4 | - |
| Cautious Mngd Pens Acc. | 151.7 | 159.7 | [illegible] | - |
| Building Soc. Acc. | 368.3 | 387.7 | .... | - |
| Property Pens Acc. | 296.4 | 312.0 | .... | - |
| Fix. Int. Pens Acc. | 678.3 | 714.1 | +0.3 | - |
| Equity Pens. Acc. | 1047.9 | 1103.1 | +0.5 | - |
| International Pens Acc. | 334.0 | 351.6 | +2.3 | - |
| High Inc Pens Acc. | 701.5 | 738.5 | +0.6 | - |
| Tech Pens Acc | 334.1 | 351.7 | -2.0 | - |
| N American Pens Acc. | 375.6 | 395.4 | -1.7 | - |
| Far Eastern Pens Acc. | 485.4 | 511.0 | +4.1 | - |
| Special Sits Pens Acc. | 462.6 | 487.0 | --- | - |
| Extra Income Pens Fd | 411.3 | 433.0 | +0.9 | - |
| American Inc Pens | 226.6 | 238.6 | -0.3 | - |
| Convertible & Gilt Pen. | 197.2 | 207.6 | [illegible] | - |
| European Pens | 144.0 | 151.6 | +1.4 | - |
| Managed Cash Pens. | 173.4 | 182.6 | --- | - |
| Pref & Fixed Pens | 133.1 | 140.2 | -2.2 | - |
| UK Blue Chip | 128.0 | 134.8 | +0.1 | - |

## Reliance Mutual

Reliance House, Tunbridge Wells, Kent 0892 510033

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Deposit Acc Fd. | 169.6 | [illegible] | - | - |
| Equity Acc Fd. | 414.4 | 436.3 | -0.2 | - |
| Managed Acc Fd. | 368.6 | 388.1 | -- | - |
| Prop Fd (1st Issue) | - | 667.2 | -- | - |
| Prop Acc Fd (2nd Iss) | 126.6 | 133.2 | ..... | - |
| Unit Trust Mo Fd. | 182.7 | [illegible] | ... | - |
| **RL Pension Funds** | | | | |
| Deposit Acc. | 247.2 | 260.2 | - | - |
| Equity Acc. | 312.7 | 329.2 | -0.2 | - |
| Fixed Int Acc. | 255.8 | 269.2 | -- | - |
| Gilt Indx Lnk Acc | 192.8 | 202.9 | -- | - |
| Managed Acc. | 416.2 | 438.1 | -- | - |

## J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester

Telephone: 0285 640302 Helpline: 041 307 6500

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Life Funds** | | | | |
| Income Distribution | 97.7 | 102.9 | -0.3 | - |
| JRA/M&G Managed | 120.8 | 127.2 | -0.3 | - |
| JRA/Scottish Amicable Mngd | 116.5 | 122.7 | -- | - |
| JRA/St James's Place Mngd | 123.7 | 130.3 | -0.2 | - |
| Deposit | 100.7 | 106.0 | ... | - |
| Far East | 125.9 | 132.6 | -0.4 | - |
| Gilts | 110.0 | 115.8 | +0.3 | - |
| Greater European | 116.1 | 122.3 | -0.8 | - |
| North American | 138.8 | 146.2 | -1.4 | - |
| UK Equity | 121.7 | 128.2 | -0.1 | - |
| **Pension Funds** | | | | |
| JRA/M&G Managed cap. | 119.5 | 125.8 | -0.4 | - |
| JRA/M&G Managed acc. | 124.2 | 130.8 | -0.5 | - |
| JRA/Scottish Amicable Mngd cap | 116.9 | 123.1 | -0.2 | - |
| JRA/Scottish Amicable Mngd acc | 121.6 | 128.1 | -0.1 | - |
| JRA/St James's Pl Mngd cap | 130.0 | 136.9 | -0.3 | - |
| JRA/St James's Pl Mngd acc | 135.2 | 142.4 | -0.2 | - |
| Deposit cap | 100.5 | 105.8 | ..... | - |
| Deposit acc | 104.5 | 110.0 | ... | - |
| Far East cap | 123.5 | 130.0 | -0.5 | - |
| Far East acc | 128.4 | 135.2 | -0.5 | - |
| Gilts cap | 107.6 | 113.3 | +0.3 | - |
| Gilts acc | 112.0 | 117.9 | +0.4 | - |
| Greater European cap | 118.1 | 124.4 | -1.0 | - |
| Greater European acc | 122.8 | 129.3 | -1.1 | - |
| North American cap | 136.2 | 143.4 | -1.3 | - |
| North American acc | 141.6 | 149.1 | -1.4 | - |
| UK Equity cap | 122.9 | 129.4 | -0.2 | - |
| UK Equity acc | 127.7 | 134.5 | -0.3 | - |

## Royal Heritage Life Assurance Ltd

## Scottish Mutual Assurance plc

| | Bid Price |
|---|---|
| Gilts & Fxd Int Fund | 182.2 |
| Index-Linked Fund | 172.5 |
| Property Fund | 113.8 |
| Cash Fund | 165.0 |
| Pens Safety Fnd | 252.7 |
| Pens Growth Fnd | 215.6 |
| Pens Opportunity Fnd | [illegible] |
| Pens W'wide Venture Fnd | [illegible] |
| Pens UK Equity Fnd | [illegible] |
| Pens UK Smlr Co's Fnd | 167.9 |
| Pens European Fnd | 262.6 |
| Pens Far East Fnd | 283.3 |
| Pens Japanese Fnd | 113.3 |
| Pens Nth American Fnd | 287.9 |
| Pens International Fnd | 252.1 |
| Pens Gilts/Fxd Int Fnd | 213.2 |
| Pens Index-linked Fnd | 176.8 |
| Pens Property Fnd | 121.5 |
| Pens Cash Fund | 201.5 |
| Pens Halifax Fnd | [illegible] |

## Scottish Provident Institution

6 St Andrews Sq, Edinburgh

| | Bid Price |
|---|---|
| With-Profits | 101.0 |
| Managed | 232.2 |
| Equity | 246.4 |
| International | 238.0 |
| Property | 193.0 |
| [illegible] | 211.0 |
| Index-linked | 170.8 |
| Cash | 177.8 |
| Americas Performance | 155.6 |
| Europe Performance | 104.7 |
| Far East Performance | 97.0 |
| Worldwide Performance | 115.8 |
| Money Market | 116.9 |
| Blue Chip | 129.9 |
| Pens With-Profits Ord. | 187.9 |
| Pens Managed Ord. | 280.7 |
| Pens Equity Ord | 300.7 |
| Pens International Ord. | 280.0 |
| Pens Property Ord. | 241.8 |
| Pens Fxd Interest Ord. | 280.6 |
| Pens Index-lkd Ord | 186.3 |
| Pens Cash Ord | 244.9 |
| Pens Americas Perf Ord. | 166.2 |
| Pens Europe Perf Ord. | 96.5 |
| Pens Far East Perf Ord. | 106.1 |
| Pens W'wide Perf Ord. | 122.9 |

## Prosperity Life Assurance Ltd

## Providence Capital Life Assc. Co Ltd

## Provident Life Assoc Ltd

## Provident Mutual Life Assc. Assn.

## Prudential Assurance Co

## Prudential Corporate Pension Funds

## Prudential Individual Life Funds

## Prudential Individual Pension Funds

## Royal Life Insurance Ltd

## Royal Liver Assurance

## Save & Prosper Group

## Scottish Amicable

## Scottish Equitable Life Assc. Soc.

## Scottish Life Investments

## Scottish Mutual Assurance plc

## Scottish Widows' Group

## Skandia Life Assurance Co Ltd

## Standard Life Assurance Company

## Sun Alliance Group

## Sun Life Assurance Ltd

## Sun Life Unit Assurance Ltd

## Swiss Life (UK) PLC

## TSB Life Ltd

## Target Life Assurance Co Ltd

## Teachers' Assurance Company Ltd

## Templeton Life Assurance Limited

## Tunbridge Wells Equitable

## Windsor Life Assurance Co Ltd

## Woolwich Life Assurance Co Ltd

## Zurich Life Assurance Co Ltd

## OFFSHORE INSURANCES

## AXA Equity & Law Intl Life Assce Co

## Albany International Assurance Ltd

## CMI Insurance Co Ltd

## Century Life International Ltd

## Eagle Star Intl Life

## Equitable Life (International)

## Eurolife Assurance Group

## Hansard International Ltd

## Hafnia Prolific International

## Isle of Man Assurance Ltd

## PanEuroLife

## Providence Capital International Ltd

## Royal Life Intl. Ltd

## Royal Skandia Life Assurance Ltd

## MANAGEMENT SERVICES

## Capital Trust Financial Management

## Chase de Vere PLC

## ECU Trustees PLC

## Fairmount Financial Services Ltd

## Foster & Braithwaite Ltd

## Harstminster Financial Services(Pty) Ltd

## IPS Capital Management PLC

## Johnson Fry Asset Managers Plc

## Knight Williams & Company Ltd

## Macartney & Dowie Invest Mngt Plc

## Charles Stanley & Co Ltd

## United Financial Corporation Ltd

## OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

## Fidelity Money Funds

## Lloyd George Management

## Orion Fund Limited

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

## Hambros Fd Mgrs - Contd.

## Kleinwort Benson Intl Fd Mngrs Ltd

## Lazard Fund Mngrs (Channel Islands) Ltd

## Lion World Fixed Income Fund Ltd

## Lloyds Intl Money Market Fund Ltd

## M & G (Guernsey) Ltd

## Prudential Fund Managers (Guernsey) Ltd

## Rothschild Asset Management (CI) Ltd

## Royal Bank of Canada Offshore Fd Mgrs Ltd

## Barclays Fund Managers (Guernsey) Ltd

## Sarasin Fund Mngrs (Guernsey) Ltd

## GUERNSEY (REGULATED)

## ANZ Mngmt Co (Guernsey) Ltd

## Arab Bank Fund Managers (Guernsey) Ltd

## Bachmann Global Investment Fund Ltd

## Invesco International Ltd

## Lazard Fund Managers (CI) Ltd

## Prudential-Bache Intl Fund Managers Ltd

## Rothschild Asset Mngmt (CI) Ltd

## U.S. Treasury Securities Fund Ltd

## Yamaichi Capital Mngmt (Guernsey) Ltd

## IRELAND (SIB RECOGNISED)

## Federated International Funds Plc

## GAM Fund Management Ltd

## GAM Fund Management Ltd - Contd.

## GT Asset Management (Ireland) Ltd

## Morgan Grenfell Investment Funds Ltd

## Prolific International Fund Plc

## Swiss Life Investment Fund

## IRELAND (REGULATED)

## Bank of Ireland Unit Managers Ltd

## Baring International Fd Mngrs (Ireland) Ltd

## Baring Mutual Fund Mngrs (Ireland) Ltd

## Chemical Fund Administrators Ltd

## GT Asset Management (Ireland) Ltd

## Guinness Portfolio Managers Limited

## Hambros Fund Managers (Ireland) Ltd

## Kleinwort Benson Capital Mgmt (Ireland) Ltd

## Morgan Grenfell Fund Mngrs (Ireland) Ltd

## Morgan Grenfell Prefunds Plc

## Paine Webber Global Funds Plc

## N. M. Rothschild International Asset plc

## Sanwa International (Ireland) Ltd

## ISLE OF MAN (SIB RECOGNISED)

## AXA Equity & Law Intl Fund Mngrs

## Allied Dunbar Intl Fund Mgrs (1600)F

## Asset Global Funds Ltd

## CMI Fund Managers (IoM)

## Gartmore Fund Managers (IoM) Ltd

## Leopold Joseph Fund Management

## Mercury Fund Managers (IoM) Ltd

## Sun Life Management (IoM) Ltd

## ISLE OF MAN (REGULATED)

## ATC Fund Management (SC) Ltd

## AXA Equity & Law Intl Fund Mgrs

## Appleton Financial Advisers (IoM) Ltd

## CMI Fund Mngrs (IoM)

## City Financial Admin (IoM) Ltd

## Duncan Lawrie Inv. Mgt. Ltd

## Gartmore Fund Managers (IoM) Ltd

## John Govett Management (IoM) Ltd

## IBI Global Funds Limited

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## JERSEY (SIB RECOGNISED)

## JERSEY (REGULATED)(**)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Strong pressures inside ERM

THE FRENCH FRANC yesterday *came under strong* pressure inside the European exchange rate *mechanism* for the first time since January, in spite of a cut in the Bundesbank's officially posted interest rates, *writes James Blitz.*

The Bundesbank's decision to ease its discount rate by 50 basis points to 7.50 per cent had been well anticipated by foreign exchange dealers. However, the decision to keep the *Lombard rate unchanged at* 9.00 per cent was a cause of disappointment. Some dealers suggested that the Bundesbank's decision not to lower the Lombard rate, which acts as an effective ceiling for German interest rates, was a sign that German monetary policy was still being eased very slowly.

The French franc fell as low as FFr3.4120 against the D-Mark for the first time since January 6 this year, closing at FFr3.4100. Its ERM floor *against the D-Mark* is FFr3.4305.

A more worrying sign for the French authorities was that the franc slumped in the ERM grid to -72 percentage points against its central Ecu rate *from -64 percentage points on* Thursday night.

Once a currency drops to -75 *percentage points, it is generally* accepted that its central bank *needs to respond* by tightening monetary policy or open intervention.

The dollar also lost more than a pfennig against the German currency, dropping as low as DM1.6520 and closing at DM1.6540. Dealers were more encouraged to sell the US currency on the Bundesbank move, because high German *rates still provide a much better* rate of return than US ones.

The only currency to perform strongly against the D-Mark was sterling, which was boosted by a surprising drop in the number of people *out of work in the UK in February*. Seasonally adjusted unemployment fell by 22,000 last month, when the market had been expecting a rise of 35,000.

The pound soared more than 2 pfennigs immediately after the news broke, bought by a broad range of foreign exchange *operators*. The pound closed in London at DM2.4400, up a net 2½ pfennigs on the day and 5¼ pfennigs in the week so far.

Tensions inside the ERM will dominate over the next few days. "All the signs are in place for another big speculative attack inside the ERM in the next week or so," said Miss Joanne Perez, an economist at Banque Indosuez in Paris. She *continued to believe, however,* that the franc would survive the pressures from the market.

However, the omens for the franc are uncertain. One dealer suggested that the Bank of France had not intervened to *support the franc* because of a need to build up foreign exchange reserves. By contrast, the Bank of Spain intervened in support of the peseta at Pta 71.50 against the D-Mark, although the currency remains well above its ERM floor.

### £ IN NEW YORK

| Mar 18 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.4735-1.4745 | 1.4522 1.4529 |
| 1 month | 0.38-0.37pm | 0.38 0.36pm |
| 3 months | 1.01-0.98pm | 1.02 0.99pm |
| 12 months | 3.04-2.94pm | 2.90 2.80pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Mar 18 | Previous |
|---|---|---|
| 8.30 am | 78.0 | 77.9 |
| 9.00 am | 78.0 | 77.9 |
| 10.00 am | 78.0 | 78.0 |
| 11.00 am | 78.0 | 78.0 |
| Noon | 78.5 | 78.0 |
| 1.00 pm | 78.8 | 78.0 |
| 2.00 pm | 79.1 | 78.1 |
| 3.00 pm | 79.1 | 78.0 |
| 4.00 pm | 79.2 | 78.1 |

### CURRENCY RATES

| Mar 18 | Bank % rate | Special * Drawing Rights | European † Currency Unit |
|---|---|---|---|
| Sterling | – | 0.948907 | 0.797837 |
| U.S Dollar | 3.00 | 1.37563 | 1.16965 |
| Canadian $ | 6.09 | 1.72174 | 1.46321 |
| Austrian Sch | 7.00 | 16.0949 | 13.6672 |
| Belgian Franc | 7.00 | 47.0362 | 39.9926 |
| Danish Krone | 10.00 | 8.77858 | 7.47335 |
| D-Mark | 7.50 | 2.28781 | 1.94217 |
| Dutch Guilder | 7.00 | 2.57119 | 2.18253 |
| French Franc | 10 | 7.77437 | 6.61496 |
| Italian Lira | 11.50 | 2204.61 | 1880.13 |
| Japanese Yen | 2.50 | N/A | 136.788 |
| Norway Krone | – | N/A | 8.26109 |
| Spanish Peseta | – | 163.384 | 138.940 |
| Swedish Krona | 11.50 | 10.6419 | 9.13775 |
| Swiss Franc | 5.00 | 2.09467 | 1.78714 |
| Greek Drach | 19 | N/A | 263.494 |
| Irish Punt | [illegible] | [illegible] | 0.800075 |

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Mar 17

### CURRENCY MOVEMENTS

| Mar 18 | Bank of England Index | Morgan* Guaranty Changes % |
|---|---|---|
| Sterling | [illegible] | [illegible] |
| U.S. Dollar | [illegible] | [illegible] |
| Canadian Dollar | [illegible] | [illegible] |
| Austrian Schilling | [illegible] | [illegible] |
| Belgian Franc | [illegible] | [illegible] |
| Danish Krone | [illegible] | [illegible] |
| D-Mark | [illegible] | [illegible] |
| Swiss Franc | [illegible] | [illegible] |
| Dutch Guilder | [illegible] | [illegible] |
| French Franc | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] |
| Peseta | [illegible] | [illegible] |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1985=100). *Rates are for Mar 17

### OTHER CURRENCIES

| Mar 18 | £ | $ |
|---|---|---|
| Argentina | [illegible] | [illegible] |
| Australia | [illegible] | [illegible] |
| Brazil | [illegible] | [illegible] |
| Finland | [illegible] | [illegible] |
| Greece | [illegible] | [illegible] |
| Hong Kong | [illegible] | [illegible] |
| Iran | [illegible] | [illegible] |
| Korea(Sth) | 1142.50 - 1160.90 | 789.80 - 796.00 |
| Kuwait | [illegible] | [illegible] |
| Luxembourg | 50.20 - 50.30 | 34.00 - 34.10 |
| Malaysia | 3.8200 - 3.8300 | 2.5990 - 2.6000 |
| Mexico | [illegible] | 3.1160 - 3.1180 |
| N. Zealand | 2.7510 - 2.7550 | 1.8690 - 1.8715 |
| Saudi Ar. | [illegible] | 3.7495 - 3.7505 |
| Singapore | 2.4190 - 2.4255 | 1.6445 - 1.6455 |
| S.Af (Cm) | [illegible] | 3.1920 - 3.1940 |
| S.Af (Fn) | 6.8225 - 6.8670 | [illegible] |
| Taiwan | [illegible] | 26.05 - 26.15 |
| U.A.E. | 5.3990 - 5.4115 | 3.6715 - 3.6735 |

*Floating rate. Iran Official rate £98.50 $66.30

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Mar 18 | % Change from Central Rate | % Spread v Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 142.150 | 138.940 | -2.26 | 3.33 | 39 |
| Irish Punt | 0.809996 | 0.800075 | -1.22 | 2.25 | 45 |
| Dutch Guilder | 2.20045 | 2.18253 | -0.81 | 1.82 | 29 |
| Belgian Franc | 40.2802 | 39.9926 | -0.71 | 1.72 | 23 |
| Portuguese Escudo | 180.624 | 179.503 | -0.62 | 1.62 | 10 |
| D-Mark | 1.95294 | 1.94217 | -0.55 | 1.55 | 21 |
| Danish Krone | 7.49934 | 7.47335 | 0.32 | 0.67 | -25 |
| French Franc | 6.54988 | 6.61496 | 0.99 | 0.00 | -68 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

### POUND SPOT - FORWARD AGAINST THE POUND

| Mar 18 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.4450 - 1.4765 | 1.4745 - 1.4755 | 0.38-0.36cpm | 3.01 | 0.99-0.96pm | 2.64 |
| Canada | 1.8160 - 1.8425 | 1.8400 - 1.8410 | 0.26-0.16cpm | 1.37 | 0.39-0.21pm | 0.65 |
| Netherlands | [illegible] - 2.7475 | 2.7375 - 2.7475 | ¼-¼cdis | -1.91 | ¾-1¼dis | -1.55 |
| Belgium | 49.55 - 50.35 | 50.20 - 50.30 | 7-11cdis | -2.15 | 23-28dis | -2.03 |
| Denmark | 9.2775 - 9.3975 | 9.3825 - 9.3925 | 9½-10½oredis | -12.78 | 20½-23dis | -9.27 |
| Ireland | [illegible] - 1.0095 | 1.0050 - 1.0060 | 0.42-0.47cdis | -5.31 | 1.18-1.28dis | -4.89 |
| Germany | 2.4050 - 2.4450 | 2.4375 - 2.4425 | ¼-¼pfdis | -2.15 | 1¼-1¼dis | -1.95 |
| Portugal | 221.75 - 226.25 | 225.25 - [illegible] | 231-270cdis | -13.32 | 580-672dis | -11.09 |
| Spain | 172.10 - 174.70 | 174.25 - 174.55 | 146-156cdis | -10.46 | 384-410dis | -9.11 |
| Italy | 2325.00 - 2363.50 | 2356.25 - 2357.25 | 9-11liredis | -5.09 | [illegible] | [illegible] |
| Norway | [illegible] - 10.3925 | 10.3575 - 10.3675 | 1½-3½oredis | -2.61 | 5½-8¼dis | -2.65 |
| France | 8.1850 - 8.3350 | 8.3150 - 8.3250 | 3¾-4¼cdis | -5.86 | 10½-11¼dis | -5.26 |
| Sweden | 11.3275 - 11.5125 | 11.4925 - 11.5025 | 2¾-4¾oredis | -3.72 | 8¾-11¼dis | -3.42 |
| Japan | 169.00 - 173.00 | 172.00 - 173.00 | ⅛-⅛ypm | 3.04 | 1¼-1¼pm | 2.75 |
| Austria | 16.94 - 17.18 | 17.15 - 17.18 | 1¾-2¾grodis | -1.66 | 6¾-8¼dis | -1.69 |
| Switzerland | 2.2150 - 2.2500 | 2.2375 - 2.2475 | ¼-parcpm | 0.67 | ⅛-⅛pm | 0.09 |
| Ecu | [illegible] - 1.2595 | 1.2575 - 1.2585 | 0.32-0.36dis | -3.24 | 0.89-0.96dis | -2.94 |

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.77-1.72pm. 12 Month 3.04-2.94pm.

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Mar 18 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.4450 - 1.4765 | 1.4745 - 1.4755 | 0.38-0.36cpm | 3.01 | 0.99-0.96pm | 2.64 |
| Ireland† | 1.4540 - 1.4685 | 1.4675 - 1.4685 | [illegible] | 7.93 | 2.83-2.73pm | 1.57 |
| Canada | 1.2460 - [illegible] | [illegible] - 1.2475 | 0.17-0.20cdis | -1.78 | [illegible] | -2.05 |
| Netherlands | 1.8575 - 1.8750 | 1.8585 - 1.8595 | 0.73-0.74cdis | -4.81 | 1.95-2.00dis | -4.25 |
| Belgium | 34.00 - 34.35 | 34.00 - 34.10 | 14.00-15.00cdis | -5.11 | 39.00-42.00dis | -4.76 |
| Denmark | 6.3625 - 6.4125 | 6.3625 - [illegible] | 6.25-9.00oredis | -14.38 | 18.00-22.50dis | -12.75 |
| Germany | [illegible] - 1.6695 | 1.6535 - 1.6545 | 0.72-0.75pfdis | -5.26 | 1.90-1.95dis | -4.63 |
| Portugal | 152.80 - 154.05 | [illegible] | 180-200cdis | -14.92 | 430-490dis | -12.04 |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | -12.28 |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | -7.85 |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | -5.41 |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | -8.14 |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | -6.29 |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 0.02 |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | -4.40 |
| Switzerland | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | -1.89 |
| Ecu | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.95 |

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EURO-CURRENCY INTEREST RATES

| Mar 18 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| US Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Can. Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Dutch Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swiss Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D-Mark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| French Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italian Lira | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgian Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Danish Krone | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Asian $Sing | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spanish Peseta | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Portuguese Esc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Long term Eurodollars: two years 4¾-4⅝ per cent; three years 4⅞-4¾ per cent; four years 5¼-5⅛ per cent; five years 5⅝-5½ per cent nominal. Short term rates are call for US Dollar and Japanese Yen, others, two days' notice.

### EXCHANGE CROSS RATES

| Mar 18 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. | Pta | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.475 | 2.440 | 172.5 | 8.320 | 2.242 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| $ | 0.678 | 1 | 1.654 | 116.9 | 5.641 | 1.520 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| DM | 0.410 | 0.605 | 1 | 70.70 | 3.410 | 0.919 | 1.124 | 966.0 | 0.754 | 20.59 | 71.48 | 0.516 |
| YEN | 5.797 | 8.551 | 14.14 | 1000. | 48.23 | 13.00 | 15.90 | 13664 | 10.67 | 291.3 | 1011 | 7.293 |
| F Fr. | 1.202 | 1.773 | 2.933 | 207.3 | 10. | 2.695 | 3.296 | 2833 | 2.212 | 60.40 | 209.6 | 1.512 |
| S Fr. | 0.446 | 0.658 | 1.088 | 76.94 | 3.711 | 1 | 1.223 | 1051 | 0.821 | 22.41 | 77.79 | 0.561 |
| H Fl. | 0.365 | 0.538 | 0.890 | 62.91 | 3.034 | 0.818 | 1 | 859.6 | 0.671 | 18.33 | 63.60 | 0.459 |
| Lira | 0.424 | 0.626 | 1.035 | 73.19 | 3.530 | 0.951 | 1.163 | 1000. | 0.781 | 21.32 | 73.99 | 0.534 |
| C $ | 0.543 | 0.802 | 1.326 | 93.75 | 4.522 | 1.218 | 1.490 | 1281 | 1 | 27.31 | 94.78 | 0.684 |
| B Fr. | 1.990 | 2.935 | 4.856 | 343.3 | 16.56 | 4.462 | 5.457 | 4691 | 3.662 | 100. | 347.1 | 2.503 |
| Pta | 0.573 | 0.846 | 1.399 | 98.91 | 4.771 | 1.286 | 1.572 | 1351 | 1.055 | 28.81 | 100. | 0.721 |
| Ecu | 0.795 | 1.172 | 1.940 | 137.1 | 6.614 | 1.782 | 2.180 | 1874 | 1.463 | 39.94 | 138.6 | 1 |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

## FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS / LIFFE EURO SWISS FRANC OPTIONS / LIFFE EURO FUTURES OPTIONS / LIFFE EUROMARK OPTIONS / LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS / LIFFE SHORT STERLING OPTIONS

| Strike Price | Calls | | Puts | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### LONDON (LIFFE)

9% NOTIONAL BRITISH GILT* £50,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | [illegible] | [illegible] | [illegible] | [illegible] |
| Jun | [illegible] | [illegible] | [illegible] | [illegible] |

US TREASURY BONDS 8% * $100,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | [illegible] | [illegible] | [illegible] | [illegible] |
| Jun | [illegible] | [illegible] | [illegible] | [illegible] |

6% NOTIONAL GERMAN GOVT. BOND

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | [illegible] | [illegible] | [illegible] | [illegible] |
| Sep | [illegible] | [illegible] | [illegible] | [illegible] |

6% NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | 99.83 | 100.03 | 99.64 | 99.76 |
| Sep | | | | |

Estimated volume 4990 (5197)
Previous day's open int. 17075 (16804)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | 110.12 | 110.17 | 110.12 | |
| Sep | 109.45 | | | |

Estimated volume 450 (534)
Traded exclusively on APT

12% NOTIONAL ITALIAN GOVT. BOND (BTP) * LIRA 200m 100ths of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | 97.16 | 97.34 | 96.99 | 97.01 |
| Sep | 96.99 | 96.98 | 96.87 | 96.84 |

Estimated volume 9045 (9585)
Previous day's open int. 46027 (45795)

10% NOTIONAL SPANISH GOVT. BOND (BONOS) Pta 20m 100ths of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | 93.30 | 93.60 | 93.19 | [illegible] |
| Sep | | | | |

Estimated volume 1329 (620)
Previous day's open int. 3748 (3504)

THREE MONTH STERLING * £500,000 points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | 94.31 | 94.38 | 94.24 | 94.29 |
| Sep | 94.48 | 94.55 | 94.43 | 94.49 |
| Dec | 94.49 | 94.58 | 94.43 | 94.53 |
| Mar | 94.31 | 94.41 | 94.29 | 94.36 |

Est. Vol. (inc. figs. not shown) 76651 (83278)
Previous day's open int. 256762 (242281)

THREE MONTH EURODOLLAR * $1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | 96.68 | 96.69 | 96.64 | 96.62 |
| Sep | 96.49 | [illegible] | 96.40 | 96.43 |
| Dec | 96.10 | 96.11 | 96.11 | 95.97 |
| Mar | 95.94 | 95.96 | 95.93 | 95.80 |

Est. Vol. (inc. figs. not shown) 1976 (1623)
Previous day's open int. 15736 (15881)

THREE MONTH EUROMARK * DM 1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | 93.20 | 93.27 | 93.16 | 93.17 |
| Sep | 93.92 | 93.94 | 93.86 | 93.90 |
| Dec | 94.23 | 94.25 | 94.18 | 94.21 |
| Mar | 94.58 | 94.58 | 94.51 | 94.53 |

Estimated volume 80195 (74640)
Previous day's open int. 466392 (458226)

THREE MONTH ECU ECU 1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | 92.06 | 92.20 | 92.05 | 92.08 |
| Sep | 92.82 | 92.97 | 92.81 | 92.83 |
| Dec | 93.20 | 93.28 | 93.18 | 93.20 |
| Mar | 93.45 | 93.45 | 93.36 | 93.41 |

Estimated volume 2107 (3640)
Previous day's open int. 15489 (15203)

THREE MONTH EURO SWISS FRANC SFr 1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | 95.68 | 95.72 | 95.56 | 95.56 |
| Sep | 96.00 | 96.09 | 95.93 | 95.90 |
| Dec | 96.10 | 96.11 | 96.02 | 96.00 |
| Mar | 96.15 | 96.05 | 96.05 | 96.07 |

Estimated volume 3720 (2190)
Previous day's open int. 27436 (26840)

THREE MONTH EUROLIRA INT. RATE

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Jun | [illegible] | [illegible] | [illegible] | 89.42 |
| Sep | [illegible] | [illegible] | [illegible] | 89.91 |
| Dec | [illegible] | [illegible] | [illegible] | 90.07 |
| Mar | [illegible] | [illegible] | [illegible] | 90.16 |

Estimated volume 3720 (2190)
Previous day's open int. 27436 (26840)

FT-SE 100 INDEX

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | [illegible] | [illegible] | [illegible] | 2886.0 |
| Jun | 2898.5 | 2920.0 | 2890.0 | 2902.0 |
| Sep | 2914.0 | 2924.0 | 2924.0 | 2914.0 |

Estimated volume 22024 (28827)
Previous day's open int. 52296 (50989)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.4750 | 1.4713 | 1.4653 | 1.4576 | 1.4451 |

### CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

U.S. TREASURY BILLS (IMM) $1m points of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

BRITISH POUND (IMM) $ per £

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | [illegible] | [illegible] | [illegible] | [illegible] |
| Jun | 1.4600 | 1.4650 | 1.4380 | 1.4422 |
| Sep | 1.4520 | 1.4550 | 1.4490 | 1.4340 |
| Dec | 1.4274 | - | - | 1.4274 |

SWISS FRANC (IMM) SFr 125,000 $ per SFr

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Jun | 0.6534 | 0.6527 | 0.6483 | 0.6496 |
| Sep | 0.6498 | 0.6510 | 0.6480 | 0.6480 |
| Dec | 0.6471 | - | - | 0.6471 |

JAPANESE YEN (IMM) Y12.5m $ per Y100

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

DEUTSCHE MARK (IMM) DM125,000 $ per DM

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

STANDARD & POORS 500 INDEX $500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | [illegible] | [illegible] | [illegible] | [illegible] |
| Jun | [illegible] | [illegible] | [illegible] | [illegible] |
| Sep | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

| Strike Price | Calls Apr | May | Jun | Sep | Puts Apr | May | Jun | Sep |
|---|---|---|---|---|---|---|---|---|
| 1.350 | 11.42 | 11.26 | 11.21 | 11.32 | 0.04 | [illegible] | [illegible] | [illegible] |
| 1.375 | 8.99 | 8.90 | 9.07 | 9.47 | 0.07 | [illegible] | [illegible] | [illegible] |
| 1.400 | 6.74 | 6.91 | 7.15 | 7.79 | 0.22 | [illegible] | [illegible] | [illegible] |
| 1.425 | 4.62 | 5.03 | 5.41 | 6.34 | 0.99 | [illegible] | [illegible] | [illegible] |
| 1.450 | 2.84 | 3.43 | 3.92 | [illegible] | 1.30 | [illegible] | [illegible] | [illegible] |
| 1.475 | 1.57 | 2.25 | 2.74 | 3.93 | 2.48 | [illegible] | [illegible] | [illegible] |
| 1.500 | 0.77 | 1.38 | 1.89 | 3.02 | 4.12 | [illegible] | [illegible] | [illegible] |

Previous day's open int.: Calls 526,243 Puts 423,257 (All currencies)
Previous day's volume: Calls 8,197 Puts 14,438 (All currencies)

### PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

| | Open | Sett price | Change | High | Low | Yield | Open int. |
|---|---|---|---|---|---|---|---|
| March | 115.06 | 114.76 | -0.29 | 115.29 | 114.70 | - | 42,998 |
| June | 117.12 | 117.02 | -0.02 | 117.40 | 116.88 | - | 168,483 |
| September | 117.30 | 117.20 | -0.02 | 117.42 | 117.12 | - | 30,727 |

Estimated volume 198,186 † Total Open Interest 242,816

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

| | Open | Sett price | Change | High | Low | Open int. |
|---|---|---|---|---|---|---|
| June | 91.29 | 91.25 | -0.06 | 91.45 | 91.15 | 58,589 |
| September | 92.56 | 92.62 | [illegible] | 92.69 | 92.50 | 47,732 |
| December | 93.02 | 93.03 | +0.01 | 93.07 | 92.95 | 27,970 |
| March | 93.30 | 93.37 | [illegible] | 93.40 | 93.28 | 15,795 |

Estimated volume 45,641 † Total Open Interest 167,643

CAC-40 FUTURES (MATIF) Stock Index

| | Open | Sett price | Change | High | Low | Open int. |
|---|---|---|---|---|---|---|
| March | 1991.0 | 1984.0 | -11.0 | 2020.0 | 1982.0 | 32,521 |
| April | 2013.0 | 2005.0 | -10.5 | 2036.0 | 2003.5 | 11,902 |
| May | 2027.0 | 2019.0 | -11.0 | 2027.0 | 2022.0 | 1,054 |
| June | 2027.0 | 2012.0 | -10.0 | 2042.0 | 2012.0 | 12,884 |

Estimated volume 21,768 † Total Open Interest 70,166

ECU BOND (MATIF)

| | Open | Sett price | Change | High | Low | Open int. |
|---|---|---|---|---|---|---|
| March | 113.60 | 113.62 | +0.06 | 113.70 | 113.60 | 1,815 |

Estimated volume 5,689 † Total Open Interest 13,805

OPTION ON LONG-TERM FRENCH BOND (MATIF)

| Strike | Calls April | June | September | Puts April | June | September |
|---|---|---|---|---|---|---|
| 115 | - | 2.43 | - | 0.02 | 0.43 | 0.78 |
| 116 | 1.12 | 1.72 | - | 0.08 | 0.68 | 1.09 |
| 117 | 0.29 | 1.08 | 1.64 | 0.29 | 1.08 | 1.47 |
| 118 | 0.07 | 0.66 | - | - | 1.60 | - |
| 119 | - | 0.34 | 0.82 | - | - | - |
| Open int. | 30,353 | 176,195 | 29,616 | 16,629 | 108,760 | 27,113 |

Estimated volume 60,022 † Total Open Interest 396,105
† All Yield & Open interest figures are for the previous day.

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 6 | Cyprus Popular Bank | 6 | Mount Banking | 6 |
| Allied Trust Bank | 6 | Duncan Lawrie | 6 | NatWestminster | 6 |
| AIB Bank | 6 | Equatorial Bank plc | 6 | Nykredit Mortgage Bnk | 6.5 |
| ●Henry Ansbacher | 6 | Exeter Bank Limited | 7 | ●Rea Brothers | 6 |
| B & C Merchant Bank | 15 | Financial & Gen Bank | 7 | Roxburghe Bank Ltd | 6 |
| Bank of Baroda | 6 | ●Robert Fleming & Co | 6 | Royal Bk of Scotland | 6 |
| Banco Bilbao Vizcaya | 6 | Girobank | 6 | ●Smith & Williamson Secs. | 6 |
| Bank of Cyprus | 6 | ●Guinness Mahon | 6 | Standard Chartered | 6 |
| Bank of Ireland | 6 | Habib Bank AG Zurich | 6 | TSB | 6 |
| Bank of India | 6 | ●Hambros Bank | 6 | Unibank plc | 6 |
| Bank of Scotland | 6 | Heritable & Gen Inv Bk. | 6 | ●United Bk of Kuwait | 6 |
| Barclays Bank | 6 | ●Hill Samuel | 6 | Unity Trust Bank Plc | 6 |
| Brit Bk of Mid East | 6 | C. Hoare & Co | 6 | Western Trust | 6 |
| ●Brown Shipley | 6 | Hongkong & Shanghai | 6 | Whiteaway Laidlaw | 6 |
| CL Bank Nederland | 6 | Julian Hodge Bank | 6 | Yorkshire Bank | 6 |
| Citibank NA | 6 | ●Leopold Joseph & Sons | 6 | | |
| City Merchants Bank | 6 | Lloyds Bank | 6 | | |
| Clydesdale Bank | 6 | Meghraj Bank Ltd | 6 | | |
| The Co-operative Bank | 6 | McDonnell Douglas Bk. | 6 | | |
| Coutts & Co | 6 | Midland Bank | 6 | | |
| Credit Lyonnais | 6 | | | | |

● Members of British Merchant Banking & Securities Houses Association



## MONEY MARKETS

# French cash rates rise

Interest rates in the French franc cash market rose sharply yesterday despite the Bundesbank decided to cut its discount rate by 50 basis points, *writes James Blitz.*

The German central bank's *decision to cut its effective rate* floor to 7.50 per cent from 8.00 per cent had been well anticipated by interest rate markets in most currencies. Indeed, the June Euromark contract was barely unchanged on the day, losing 1 basis point to close at 91.18.

**UK clearing bank base lending rate 6 per cent from January 26, 1993**

*However, there appeared to be* disappointment in both currency and interest rate markets over the Bundesbank's decision. One London-based analyst said that there was concern that the Bundesbank had not *also* reduced its emergency funding, or *Lombard, rate,* which remains at 9.00 per cent. *Others felt* that in an environment in which rates are coming down this was relatively unimportant.

Activity was mainly concentrated in the French franc cash market where rates appeared to be pushed upwards by heavy borrowing of the franc, possibly for speculative purposes on the currency markets.

The cost of borrowing 1-month French francs rose from 11.30 per cent to 12.00 per cent during the day, while the *cost of borrowing 3-month* French francs rose from 10.9 per cent to 11.10 per cent.

French franc futures were also under pressure, with the March contract falling 7 basis points to close at 91.18 and the September contract *falling* 8 basis points to close at 92.54.

According to one dealer the immediate prospects for French rates depend on whether the Bundesbank now cuts the rate at which it lends funds to commercial banks, currently at 8.25 per cent.

*Both sterling* cash and futures markets were relatively unaffected by sterling's sharp rise against the D-Mark and the dollar on the currency markets.

In his budget this week, Mr *Norman Lamont, the UK* chancellor, said that the *current level of* base rates was consistent with the prospect of economic growth in the UK. Yesterday's fall in the unemployment figures only confirmed the view that another easing in monetary policy is not needed for now.

Three-month sterling cash remained unchanged at 6 per cent. The June short sterling contract closed at 94.37, down 4 basis points on the day.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Mar 18) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 3⅛ | offer 3¼ | bid 3⅛ | offer 3¼ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK** — Treasury Bills and Bonds

| *Lunchtime* | | | | | |
|---|---|---|---|---|---|
| Prime rate | 6 | One month | 3.00 | Three year | 4.34 |
| Broker loan rate | 5 | Two month | 3.10 | Five year | 5.12 |
| Fed.funds | 3⅛ | Three month | 3.02 | Seven year | 5.60 |
| Fed.funds at intervention | - | Six month | 3.15 | 10-year | 5.92 |
| | | One year | 3.30 | 30-year | 6.80 |
| | | Two year | 3.91 | | |

| Mar 18 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 8.55-8.65 | 8.25-8.35 | 7.85-8.00 | 7.65-7.80 | 7.25-7.40 | 9.00 |
| Paris | 10¾-11 | 11¾-12 | - | 11-11⅛ | - | 9.10 |
| Zurich | 5¾-6⅛ | 5⅛-5¾ | - | 5-5⅛ | - | - |
| Amsterdam | 7.87-7.93 | 7.68-7.73 | - | 7.30-7.38 | - | - |
| Tokyo | 3⅛-3¼ | 3⅞-3⅛ | - | 3⅜-3⅛ | - | - |
| Milan | - | 11-11⅛ | - | 11-11⅛ | - | - |
| Brussels | 8⅛-8⅛ | 8⅛-8⅜ | - | 7⅞-7⅞ | - | - |
| Dublin | 10¼-10½ | 11-11¼ | 10⅞-11 | 10⅜-10⅝ | 10⅛-10⅜ | - |

### LONDON MONEY RATES

| Mar 18 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 14 | 6½ | 6⅛ | 6⅛ | 5⅞ | 5⅞ |
| Interbank Bid | 5⅛ | 6⅛ | 6⅛ | 5⅞ | 5⅞ | 5⅞ |
| Sterling CDs | — | — | 6⅛ | 6 | 5⅞ | 5⅞ |
| Local Authority Deps. | 6⅛ | 6⅛ | 6 | 5⅞ | 5⅞ | 5⅞ |
| Local Authority Bonds | — | — | — | — | — | — |
| Discount Mkt Deps | 9 | 6⅛ | — | — | — | — |
| Company Deposits | — | — | — | — | — | — |
| Finance House Deposits | — | — | 6 | 5⅞ | 5⅞ | 5⅞ |
| Treasury Bills (Buy) | — | — | 5⅞ | 5⅞ | 5⅞ | — |
| Bank Bills (Buy) | — | — | 5⅞ | 5⅞ | 5⅞ | — |
| Fine Trade Bills (Buy) | — | — | — | — | — | — |
| Dollar CDs | — | — | 3.03 | 3.07 | 3.13 | 3.35 |
| SDR Linked Dep. Offer | — | — | 5⅛ | 5 | 4⅞ | 4⅞ |
| SDR Linked Dep. Bid | — | — | 5 | 4⅞ | 4⅞ | 4⅞ |
| ECU Linked Dep. Offer | — | — | 9⅛ | 8⅞ | 8½ | 8⅛ |
| ECU Linked Dep. Bid | — | — | 9⅛ | 8⅞ | 8⅜ | 7⅞ |

Treasury Bills (sell): one-month 5⅛ per cent; three months 5⅞ per cent; six months 5⅞ per cent; Bank Bills (sell): one-month 5⅞ per cent; three months 5⅞ per cent; Treasury Bills; Average tender rate of discount 5.3657. ECGD Fixed Rate Sterling Export Finance. Make up day February 26, 1993. Agreed rates for period March 24, 1993 to April 25, 1993, Scheme I: 7.35 p.c. Schemes II & III: 7.47 p.c. Reference rate for period January 30, 1993 to February 26, 1993, Scheme IV&V: 6.228 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 7 from March 1, 1993: Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 2¼ per cent; one-three months 5⅛ per cent; three-six months 5 per cent; six-nine months 4⅞ per cent; nine-twelve months 4½ per cent; Under £100,000 2⅛ per cent from Jan.27, 1993. Deposits withdrawn for cash 1½ per cent.

# MONEY MARKET FUNDS

## Money Market Trust Funds

| | Gross | Net | CAR | Int Cr |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

CAF Money Management Co Ltd; The COIF Charities Deposit Account; Cent. Bd. of Fin. of Church of England; Gartmore Money Management Ltd; Coutts & Co; Dao Heng Bank (London) PLC Premier Acc; Davenham Tst Plc-Davenham 500 Acc; Fidelity Money Market Account; Gartmore Money Management Ltd.

## Money Market Bank Accounts

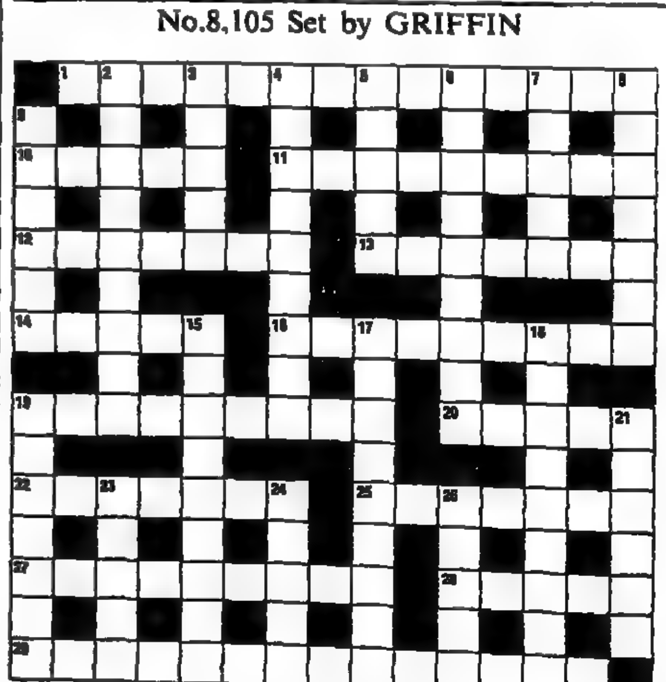
| | Gross | Net | CAR | Int Cr |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

AIB Bank High Interest Cheque Account; Aitken Hume Bank plc; Allied Trust Bank Ltd; American Express Bank Ltd; Bank of Ireland High Interest Cheque Acc; Bank of Scotland; Barclays Select; Barclays Prime Account H.I.C.A.; Brown Shipley & Co Ltd; Caledonian Bank Plc; Cater Allen Ltd; Charterhouse Bank Limited; Clydesdale Bank Flexible Solution Acc; Confederation Bank Limited; The Co-operative Bank; Halifax Bldg Soc Asset Reserve Cheque Acc; Humberclyde Finance Group; Julian Hodge Bank Ltd; Leopold Joseph & Sons Limited; Kleinwort Benson Ltd; Lloyds Bank - Investment Account; Midland Bank plc; NatWest Crown Reserve Account; Bank of Wales - Business Accounts; Nationwide Bldg Soc - BusinessInvestor; Portman Bldg Soc Prestige Cheque Account; Provincial Bank PLC; Royal Bank of Scotland plc Premium Acc; Save & Prosper/Robert Fleming; Tyndall & Co Ltd; ULC Trust Limited; United Dominions Trust Ltd; J. Henry Schroder Wagg & Co Ltd; Western Trust High Interest Cheque Acc; Wimbledon & South West Finance PLC.

NOTES - Gross: Contractual rate of interest payable not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowance for deduction of basic rate income tax. Gross CAR: Gross rate expressed to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

## CROSSWORD

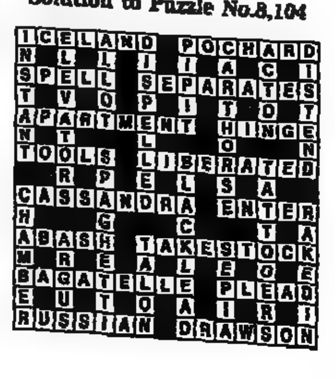
No.8,105 Set by GRIFFIN



**ACROSS**
1 Relents and can't replace superior (14)
10 Students ring accountant in pub (5)
11 For instance tape, string and thin rope in a circle (9)
12 Black pineapple is crazy! (7)
13 He once turned left in military formation (7)
14 Watched closely I rushed outside (5)
16 Jack decides about hospital for missing people (9)
19 Best pair ruined by end of woman's brooch (9)
20 Pass rider returning object (5)
22 Managed without us and is returning tongue (7)
25 One member gets suet pudding on impulse! (7)
27 Going round Church Lane after girl finds rock fall (9)
28 Free toilets on Eastbourne front (5)
29 Distinguished friend fitted a new bearing in it (14)

**DOWN**
2 Obscure rambling once tired (9)
3 Yarn only confused Pole (5)
4 Witty person too smart for cheat (9)
5 Recess in pleasant hospital (5)
6 Are reproducing rings to go on cans (9)
7 Trouble setting up animal's home on time (5)
8 The feet of famous people? (7)
9 Round things good on some ears (6)
15 In time is to drink very little and break up (9)
17 Opinion of nurse I'm in tent with (9)
18 Travelled behind chosen conductor (9)
19 Drink dispenser under counter made noise (7)
21 Frustrated girl wants her father around (6)
23 Stick notes on this (5)
24 Empty roe tin upended on top of shellfish (5)
26 Father holds a topless folk dance! (5)

Solution to Puzzle No.8,104



# WORLD STOCK MARKETS

## JAPAN

## CANADA

TORONTO

4 pm close March 18

MONTREAL

4 pm close March 18

## INDICES

NEW YORK

DOW JONES

STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA TORONTO

TOKYO - Most Active Stocks

Thursday, March 18, 1993

4 pm close March 18

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1992/93 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -



Continued on next page

# NYSE COMPOSITE PRICES

Continued from previous page

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs

# AMEX COMPOSITE PRICES

4 pm close March 18

# NASDAQ NATIONAL MARKET

4 pm close March 18

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

AMERICA

# Dow rises as inflation worries are overcome

## Wall Street

BIG BOARD stocks rallied yesterday morning as Wall Street shrugged of forebodings of shrinking consumer spending and lingering worries about inflation, *writes Karen Zagor in New York.*

At 1 pm, the Dow Jones Industrial Average was up 27.02 at 3,453.76 The more broadly based Standard & Poor's 500 added 2.27 at 450.58. Nasdaq gains were more modest, with the composite only 1.17 higher at 688.57, and the Amex composite also posted a slim rise, of 0.23 to 420.71.

NYSE volume was nearly 143m shares by 1 pm, and rises outnumbered declines by 1,065 to 646. On Wednesday, the Dow lost 16.21 to close at 3,426.74.

There was little stock market reaction to the release of data showing a 6.7 per cent decline in exports and a 4.8 per cent drop in imports for January. In the bond market, however, the numbers sparked speculation that consumer spending had eased, and contributed to higher bond prices. Equities also overcame Wednesday's inflation worries following reports that the core consumer price index rose more sharply than expected.

The Dow rallied in spite of continuing pressure from drug company stocks, which continued to lose ground yesterday morning. Merck fell $1/8 to $36½ and Glaxo Holdings $¼ to $18 although Johnson & Johnson held steady at $40⅞.

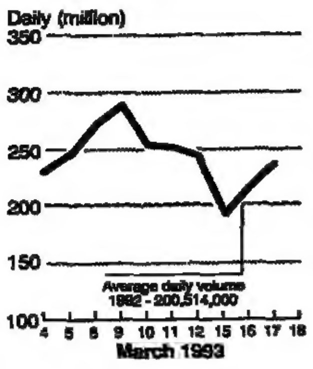
Ford Motor led morning trading, climbing $2¼ to a 52-week high of $50⅞. Analysts at Salomon Brothers increased their 1993 earnings estimates to $3.25 a share from $2.10, reflecting a strong start to the year by the US automaker. Salomon predicted first quarter earnings of 80 cents a share, well above its earlier estimates of 25 cents. A year ago, Ford earned 36 cents in the first quarter. Trading was also active in Chrysler, which firmed $¾ to $40.

Shares in Anheuser Busch dropped $2⅛ to $51½ in heavy turnover. On Wednesday, the brewer predicted a decline of about 7 per cent in first quarter earnings to 69 cents a share. Although Anheuser had already warned Wall Street to expect slimmer sales volume, the company's outlook grew grimmer after a blizzard hit the east coast ahead of St Patrick's Day, an important time for beer sales.

Western Digital dropped $⅞ to $5¾ in active trading following predictions that third quarter earnings will drop significantly below analysts' estimates of 20 to 26 cents a share.

Gains in the Nasdaq market were checked by weakness in several healthcare stocks. Tokos Medical tumbled $1¼ to a 52-week low of $7¼ after it predicted disappointing sales. SciMed Life, a medical device maker, dropped $3 to $39.

**NYSE volume**




## Canada

TORONTO edged higher at midsession, helped by gains on Wall Street and strength in golds and the conglomerates sector. The TSE-300 index was 12.41 higher at 3,553.40.

EUROPE

# Bourses flat as Buba lowers the floor

"An unchanged Lombard rate means nothing. It's the floor that matters," said Mr Marcus Grubb, a strategist at Salomon Brothers in London yesterday, after the Bundesbank cut the German discount rate by half a percentage point, and left the Lombard at 9 per cent.

Money market rates, he expected, should continue their decline on this basis, and bourses should be underpinned by the prospect of consistent interest rate cuts in Germany filtering through elsewhere, *writes Our Markets Staff.*

Unfortunately, for the short term, markets had been discounting a cut of up to 100 basis points, rather than 50, said Mr Grubb. In London, the FT-SE Eurotrack 100 index moved from a moderate rise in midsession to a minuscule one in the post bourse.

FRANKFURT recovered ahead of the Buba cut, the DAX index closing 11.11 higher at 1,696.19. It dipped a little in the aftermarket, with the DAX future indicating a 4 point fall. Turnover rose from DM6.0bn to DM6.2bn.

Mr Eckhard Frahm, of Merck Finck in Düsseldorf, noted that the post-bourse decline was limited, with some falls in financials but industrials more or less steady. He said that the caution behind the cut, as well as a fall of 0.1 per cent in February's M3 against the January figure, should be good for the D-Mark and the long term strength of the market.

However, he said, some German equities had risen by 20 to 25 per cent since last October, and it was likely that the recent consolidation would continue as investors balanced the interest rate prospect, and strong investor liquidity against the effects of recession.

PARIS was unmoved by events elsewhere on the Continent and, with no prospect of an easing in its own interest rates while the franc remains under pressure in the money markets, the CAC-40 index closed 3.76 lower at 1,963.52. Turnover was strong at FFr3.5bn.

Domestic issues were uppermost in traders' minds as LVMH came in with solid results, and declared that prospects for 1993 were favourable.

**FT-SE Actuaries Share Indices**

THE EUROPEAN SERIES

| March 18 Hourly changes | Open | 10.30 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | Close |
|---|---|---|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1148.26 | 1149.20 | 1150.46 | 1152.21 | 1151.54 | 1148.26 | 1148.47 | 1148.55 |
| FT-SE Eurotrack 200 | 1216.68 | 1216.57 | 1218.42 | 1223.22 | 1224.15 | 1221.87 | 1220.45 | 1222.53 |

| | Mar 17 | Mar 16 | Mar 15 | Mar 12 | Mar 11 |
|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1146.10 | 1151.53 | 1153.62 | 1145.86 | 1163.60 |
| FT-SE Eurotrack 200 | 1214.92 | 1222.33 | 1219.52 | 1212.44 | 1232.53 |

Base value 1000 (26/10/90) High/day: 100 - 1153.44; 200 - 1227.03 Low/day: 100 - 1147.35 200 - 1215.75

The shares gathered momentum during the day before finishing FFr73 higher at FFr3,442. However, some analysts remained cautious about the group's prospects, and maintained a hold recommendation.

Valeo fell FFr32 or 4 per cent to FFr763 following an analysts' meeting earlier in the week, after which James Capel reiterated its sell note. Michelin lost FFr5 to FFr171 as the group asked its French managers to take pay cuts, and Peugeot was down FFr6 at FFr559.

AMSTERDAM cut its own discount rate and the CBS Tendency index climbed 1.4 to 107.6. Ahold went against the trend, falling Fl 2.50 to Fl 95.40, after surprising many analysts by announcing a 1 for 10 rights issue. Elsevier improved Fl 2.80 to Fl 129.30 on slightly better than expected results and Nedlloyd climbed Fl 2.60 to Fl 28.40 on changes to its management structure.

MILAN paused for breath after the turbulence of the last few days, with a modest rise in the Comit index of 4.48 to 497.32. Some analysts remarked that Italy was unlikely to follow the Bundesbank's move in the short-term, partly because of continuing political instability.

Fiat was among the day's gainers, managing to recoup some of its recent losses with a gain of L76 to L5,426 before adding another L54 in the after market.

Olivetti, similarly, benefited from the brighter mood with a rise of L58 to L1,839, while Generali fixed up L320 at L34,900.

ZURICH expected the Buba cut, but the SMI index rose 15.6 to 2,154.1 after the Swiss National Bank followed with an identical discount rate move. Financials reacted with Swiss Re and Winterthur certificates both up SFr11, to SFr595 and SFr695 respectively, and SBC bearers up SFr7 to SFr351.

Among strong industrials, Rieter registered rose SFr30 to SFr1,390 on news that its textile machinery rival, Saurer, wanted to boost its Rieter stake, although the latter said it intended to remain independent, while Saurer said its move was not a takeover attempt. In retailing, Interdiscount bearers fell SFr85 to SFr1,310 on a slump in profits.

DUBLIN came back from St Patrick's Day in celebratory form, the ISEQ overall index climbing 28.28, or 2 per cent to 1,421.90 with the financial sector 3 per cent ahead.

ASIA PACIFIC

# Nikkei presses on to new high for the year

## Tokyo

BUYING by individuals, foreigners and investment trusts lifted a wide range of equities and the Nikkei average gained 3 per cent, closing at a new high for the year in active trading, *writes Emiko Terazono in Tokyo.*

The Nikkei was finally ahead 554.53 at 18,727.90 after opening at the day's low of 18,234.37 and soaring to a high of 18,788.30 in the morning session. Volume swelled to 650m shares from 357m. Life insurers were also seen participating in active buying.

Advances overwhelmed declines by 933 to 144, with 77 issues unchanged, and the Topix index of all first section stocks jumped 42.61 to 1,408.26. In London the ISE/Nikkei 50 index moved forward 7.42 to 1,131.07.

Yesterday's advance took most market participants by surprise. "Nobody thought that it would recover this far," said a fund manager at Dai-Ichi Mutual Life. He added that most tokkin funds, or specified money trusts, held by corporations faced book closing for the financial year today, and suggested that the rise could have been the result of manipulation by some investors.

Mr Alan Livesy at Kleinwort Benson said: "I thought the bear market was over, but I was not expecting this". However, he warned that shares looked overbought.

Mr Yuichi Kohashi, analyst at Daiwa Securities, argued that a rise in money supply was the force behind the strength in share prices. "The monetary base for money supply increased 3.3 per cent in January and 4.7 per cent in February," he maintained.

According to chartists, the nearest resistance line for the Nikkei index is 18,908.47, reached last September, followed by 19,345.95, the closing for the previous fiscal year-end last March.

Securities houses continued to rise on hopes that the recent market advance would help their sagging earnings. Nomura Securities climbed Y100 to Y1,840 and Nikko Securities Y55 to Y845.

Trading houses were in demand on interest from investors looking to buy oversold shares, following recommendations by a UK house. Marubeni was the second most active issue of the day, appreciating Y66 to Y466, followed by Itochu, Y34 ahead at Y466.

Nippon Telegraph and Telephone, which sparked off the recent rally, added Y18,000 at Y834,000, while NEC, holder of some 8,000 NTT shares, gained Y14 at Y770.

In Osaka, the OSE average surged 475.25 to 19,595.08 in volume of 69.6m shares.

## Roundup

A NUMBER of the Pacific Rim markets displayed resilience.

HONG KONG made headway, encouraged that China's criticism on Wednesday of Governor Chris Patten's reform plans was milder than might have been expected. The Hang Seng index closed 92.93 higher at 6,051.26, although down from the day's peak of 6,102.72, in HK$3.6bn turnover.

Cheung Kong and its Hutchison affiliate each rose 20 cents to HK$22 and HK$15.90 respectively. They announced higher 1992 profits after the market closed.

SINGAPORE moved forward for the third consecutive day and the Straits Times Industrial index rose 6.16 to 1,668.79 in volume of 112.8m shares.

Listed brokerage companies saw renewed interest after Monday's announcement which allowed workers to use more money from mandatory retirement savings for personal investment.

TAIWAN saw strong speculative buying of financial issues which helped the weighted index rise 152.84, or 3.4 per cent, to 4,664.46 in active turnover of T$64.8bn.

Leading banks, which led last month's rally, were in demand, as were construction issues on expectations of better profits and dividends this year.

SEOUL was boosted by late buying of large capitalisation shares in continued response to the easing of tension between South and North Korea. The composite index put on 3.34 at 666.39 in turnover of Won645.79bn.

Construction issues were strong on news that Hyundai Engineering and Construction had received a letter of intent from Libya for a $1.6bn contract to build four electrical power generators. Hyundai Construction shares advanced Won400 to Won18,600.

MANILA lost ground, unnerved by a government warning that power cuts could reach 12 hours a day as ageing plants become less reliable. The composite index weakened 20.46 to 1,435.58.

KUALA LUMPUR was mixed to easier in thin trading and the composite index lost 0.15 at 640.24. Hong Leong Industries, which reported strong half-year results, moved ahead 35 cents to M$9.15, while Genting rose a further 20 cents to M$15.50 after its better than expected 1992 results.

NEW ZEALAND retreated after the strong run of the last two weeks. The NZSE-40 index shed 9.95 to 1,560.53.

# Australian equities gain as confidence returns

**Kevin Brown** tests the strength of a periodic rally

Australia is in the middle of one of its periodic bull runs. But is this the beginning of a sustained rally, or will investors lose heart once again, as they have three times in the last 18 months?

On Monday, it looked as though the bears were back with a vengeance, as the All Ordinaries index dropped 35 points to 1,626.4 in reaction to the unexpected re-election of Mr Paul Keating's Labor government.

But heads have cooled in the last few days, and the signs are that the surge of confidence which has flowed through the market in the last few months is likely to continue to push prices up, at least for a while.

Last night's close of 1,669.6 was above the pre-election level, and 21 per cent above the 1992 low in mid-November. The market, however, remains 27 per cent off its October 1987 peak of 2,300.

Against the background of sustained underperformance in the last five years, there are plenty of other reasons why investors should be more optimistic about prospects for the coming year:

- The election result removes political uncertainty, and suggests that Australia is set for a period of consolidation, rather than the industrial and economic upheaval which might have followed a conservative victory.
- The recovery from the 1990/91 recession seems to be gathering pace. The economy grew by 0.7 per cent in the December quarter, and by 2.5 per cent over the year – one of the fastest growth rates in the OECD.

Inflation is running at an annual level of 0.3 per cent, and the current account deficit, which at one stage looked likely to retard the recovery, has recently contracted in line with government forecasts.

The Australian dollar has strengthened significantly in the last few weeks, and is no longer regarded as a constraint on a further cut in official interest rates, which the reserve bank is expected to announce shortly. The improving outlook suggests that the only significant black spot on the economic horizon is unemployment, which is likely to remain at near-record levels for some time.

- The sea of red ink which has flowed from the books of major Australian companies in the last two years is beginning to dry up, confirming forecasts that a recovery in corporate profits is under way.

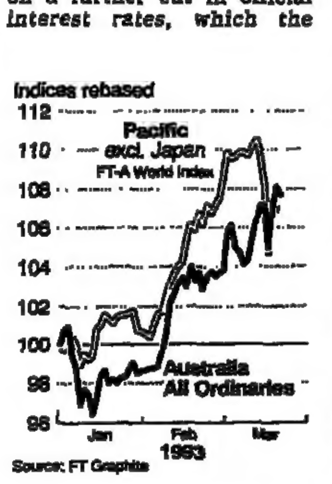
Some well-known names have continued to disappoint in the current interim profits season, including TNT and Brambles, the international transport groups, and resources concerns such as Western Mining and Renison Goldfields. But many companies have reported significant improvements, including miners such as North Broken Hill Peko and CRA, food companies such as Foster's Brewing, Arnotts biscuits, and Goodman Fielder, and industrials such as BTR Nylex, Coca-Cola Amatil, and Burns Philp.

The improved results have pushed up prices virtually across the board, so that 10 of the Australian equity market's 24 sectoral indices now show an improvement over the last 12 months, compared with three in December. But many remain only marginally ahead, and the only substantial gainer has been the media index, which is more than 50 per cent higher, mainly because of the recovery of Mr Rupert Murdoch's News Corporation.

John Fairfax Holdings, the newspaper group controlled by Mr Conrad Black, Pacific Magazines and Printing, a spin-off from News Corp, and Mr Kerry Packer's Nine Network Australia television group have also performed well.

The biggest test may come when the three major banks report their first-half results in mid-year. National Australia Bank and ANZ are believed to be over the worst of the bad debt problems which have plagued the sector, but a question mark still hangs over Westpac, which is restructuring after losing A$1.5bn last year.

The optimistic view is that all the necessary groundwork for a sustained rally has been done. However, wary investors will remember that Australian bulls have been saying that for years.




Source: FT Graphite

## SOUTH AFRICA

FAVOURABLE reaction to Wednesday's budget helped to lift equities, but late profit-taking pared some gains. The overall and industrial indices both added 26 at 3,477 and 4,474 respectively. The golds index rose 8 to 1,077.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | WEDNESDAY MARCH 17 1993 | | | | | | | | TUESDAY MARCH 16 1993 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1992/93 High | 1992/93 Low | Year ago (approx) |
| Australia (68) | 139.71 | +1.8 | 142.75 | 103.46 | 120.87 | 131.11 | +1.1 | 3.76 | 137.30 | 140.87 | 101.37 | 118.71 | 129.63 | 153.68 | 108.18 | 142.07 |
| Austria (18) | 145.74 | −1.1 | 148.91 | 107.93 | 126.08 | 125.96 | −1.0 | 1.78 | 147.40 | 151.24 | 108.83 | 127.45 | 127.19 | 186.70 | 131.16 | 175.56 |
| Belgium (42) | 145.52 | +0.1 | 148.69 | 107.75 | 125.89 | 123.09 | +0.3 | 4.91 | 145.33 | 149.11 | 107.29 | 125.65 | 122.75 | 152.27 | 131.19 | 140.18 |
| Canada (113) | 122.76 | −0.4 | 125.43 | 90.90 | 106.19 | 111.24 | −0.3 | 3.01 | 123.27 | 126.47 | 91.00 | 106.57 | 111.57 | 142.12 | 111.36 | 129.76 |
| Denmark (33) | 199.13 | +0.1 | 203.47 | 147.47 | 172.27 | 173.20 | +0.3 | 1.33 | 198.85 | 204.02 | 146.81 | 171.92 | 172.75 | 273.94 | 181.70 | 237.03 |
| Finland (23) | 72.83 | +4.0 | 74.41 | 53.93 | 63.01 | 91.93 | +3.6 | 1.38 | 70.02 | 71.84 | 51.70 | 60.54 | 88.75 | 89.80 | 52.84 | 79.63 |
| *France (98)* | *154.85* | −0.3 | *158.22* | *114.66* | 133.95 | 137.42 | −0.2 | 3.18 | 155.34 | 159.38 | *114.68* | 134.29 | 137.74 | 169.75 | 139.93 | 152.56 |
| Germany (62) | 111.63 | −0.9 | 114.06 | 82.68 | 96.57 | 96.57 | −0.8 | 2.21 | 112.60 | 115.52 | 83.14 | 97.35 | 97.35 | 129.69 | 101.59 | 119.01 |
| Hong Kong (55) | 237.88 | −0.5 | 243.06 | 176.15 | 205.80 | 236.25 | −0.5 | 3.89 | 238.97 | 245.19 | 176.43 | 206.62 | 237.34 | 262.28 | 176.36 | 209.31 |
| Ireland (16) | 141.64 | −0.1 | 144.72 | 104.89 | 122.53 | 136.74 | +0.0 | 3.84 | 141.78 | 145.47 | 104.68 | 122.58 | 136.74 | 173.71 | 122.98 | 158.18 |
| *Italy (73)* | *56.93* | *−1.7* | *58.17* | *42.16* | *49.25* | *68.32* | *−1.8* | 2.95 | *57.91* | *59.42* | *42.76* | *50.07* | *69.59* | *80.86* | *47.47* | *71.62* |
| Japan (472) | 116.86 | +1.4 | 119.40 | 86.53 | 101.11 | 86.53 | +1.7 | 0.97 | 115.24 | 118.24 | 85.08 | 99.65 | 85.08 | 140.95 | 87.27 | 104.90 |
| Malaysia (69) | 279.14 | +0.7 | 285.22 | 206.70 | 241.48 | 278.92 | +0.7 | 2.37 | 277.12 | 284.33 | 204.59 | 239.59 | 277.12 | 282.42 | 212.49 | 239.68 |
| Mexico (18) | 1547.20 | +1.0 | 1580.89 | 1145.74 | 1338.50 | 5276.19 | +1.0 | 1.14 | 1531.42 | 1571.25 | 1130.66 | 1324.05 | 5221.53 | 1789.77 | 1185.84 | 1648.72 |
| Netherland (24) | 163.75 | +0.3 | 167.31 | 121.26 | 141.66 | 139.79 | +0.3 | 4.05 | 163.34 | 167.59 | 120.59 | 141.22 | 139.33 | 169.70 | 147.88 | 150.74 |
| New Zealand (13) | 46.82 | +1.6 | 47.84 | 34.68 | 40.51 | 46.66 | +0.6 | 4.69 | 46.10 | 47.30 | 34.04 | 39.86 | 46.40 | 48.52 | 37.39 | 45.20 |
| Norway (22) | 149.77 | −1.2 | 153.03 | 110.91 | 129.57 | 143.88 | −1.2 | 1.83 | 151.62 | 155.56 | 111.94 | 131.09 | 145.65 | 192.95 | 128.05 | 172.14 |
| Singapore (38) | 219.48 | +1.6 | 224.26 | 162.53 | 189.87 | 168.33 | +1.5 | 2.00 | 216.12 | 221.75 | 159.57 | 186.86 | 163.88 | 229.63 | 179.65 | 207.28 |
| South Africa (60) | 163.23 | +0.2 | 166.79 | 120.87 | 141.21 | 167.15 | −0.2 | 3.01 | 162.84 | 167.08 | 120.22 | 140.79 | 167.46 | 263.80 | 134.21 | 219.15 |
| Spain (46) | 124.18 | −0.7 | 126.89 | 91.96 | 107.43 | 111.95 | −0.2 | 5.39 | 125.01 | 128.26 | 92.30 | 108.08 | 112.17 | 161.72 | 107.10 | 153.27 |
| Sweden (35) | 160.74 | −0.8 | 164.24 | 119.03 | 139.06 | 185.78 | −0.5 | 1.86 | 161.98 | 166.19 | 119.59 | 140.05 | 186.80 | 200.28 | 149.69 | 188.30 |
| *Switzerland (56)* | *112.27* | *−0.9* | *114.71* | *83.14* | *97.14* | 108.60 | −0.3 | 2.03 | *113.30* | *116.25* | *83.66* | *97.87* | *106.91* | *122.37* | *95.99* | *99.16* |
| United Kingdom (226) | 169.36 | −0.5 | 173.05 | 125.40 | 146.50 | 173.05 | −0.9 | 4.24 | 170.20 | 174.63 | 125.65 | 147.14 | 174.63 | 200.07 | 161.86 | 170.76 |
| USA (522) | 183.00 | −0.7 | 186.99 | 135.52 | 158.32 | 183.00 | −0.7 | 2.77 | 184.26 | 189.05 | 136.05 | 159.32 | 184.26 | 188.27 | 160.92 | 167.20 |
| Europe (775) | 138.86 | −0.5 | *141.89* | *102.83* | *120.14* | 132.76 | −0.6 | 3.46 | *139.60* | *143.23* | 103.07 | 120.71 | 133.56 | 156.88 | 131.31 | 142.20 |
| Nordic (114) | 149.39 | −0.2 | 152.64 | 110.63 | 129.24 | 151.13 | +0.0 | 1.69 | 149.64 | 153.54 | 110.48 | 129.38 | 151.19 | 188.52 | 141.24 | 176.13 |
| Pacific Basin (715) | 121.66 | +1.3 | 124.30 | 90.09 | 105.25 | 92.59 | +1.5 | 1.30 | 120.09 | 123.20 | 88.66 | 103.82 | 91.19 | 141.97 | 93.70 | 109.99 |
| Euro – Pacific (1490) | 128.58 | +0.5 | 131.38 | 95.21 | 111.23 | 108.67 | +0.6 | 2.26 | 127.95 | 131.28 | 94.46 | 110.62 | 108.03 | 145.21 | 113.80 | 122.92 |
| North America (635) | 179.26 | −0.7 | 183.16 | 132.76 | 155.10 | 178.13 | −0.7 | 2.78 | 180.47 | 185.16 | 133.26 | 156.06 | 179.33 | 182.36 | 158.70 | 164.84 |
| Europe Ex. UK (549) | 119.99 | −0.6 | 122.60 | 88.87 | 103.82 | 110.30 | −0.4 | 2.96 | 120.66 | 123.79 | 89.10 | 104.34 | 110.73 | 132.98 | 111.33 | 124.35 |
| Pacific Ex. Japan (243) | 168.85 | +0.7 | 172.53 | 125.06 | 146.09 | 154.45 | +0.5 | 3.50 | 167.62 | 171.98 | 123.78 | 144.94 | 153.74 | 175.31 | 146.06 | 156.91 |
| World Ex. US (1681) | 129.61 | +0.5 | 132.43 | 95.99 | *112.13* | *110.67* | *+0.6* | 2.28 | *129.01* | 132.36 | 95.26 | 111.54 | 110.06 | 146.91 | 115.99 | 125.20 |
| World Ex. UK (1977) | 144.44 | +0.0 | 147.58 | 106.97 | 124.97 | 128.95 | +0.1 | 2.29 | 144.39 | 148.14 | 106.61 | 124.85 | 128.77 | 150.58 | 127.21 | 135.34 |
| World Ex. So. Af. (2143) | 146.62 | +0.0 | 149.81 | 108.59 | 126.85 | 132.51 | +0.0 | 2.48 | 146.65 | 150.46 | 108.28 | 126.80 | 132.46 | 153.05 | 130.04 | 137.91 |
| *World Ex. Japan (1731)* | *163.81* | −0.5 | 167.37 | 121.32 | 141.73 | 159.73 | −0.6 | 3.04 | 164.67 | 168.96 | 121.59 | 142.40 | 160.64 | 166.44 | 151.93 | *157.39* |
| The World Index (2203) | 146.62 | +0.0 | 149.81 | 108.58 | 126.85 | 132.85 | +0.0 | 2.49 | 146.65 | 150.46 | 108.27 | 126.80 | 132.81 | 153.70 | 130.86 | 138.42 |

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Amendments to indices for 16/3/93 applied to Mexico, related regional indices and The World Index. Irish market closed March 17.